Office Supreme Court, U. S.
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JAMES D. MAHER,
CLERK.

In the Supreme Court of the United States.

OCTOBER TERM, 1916.

COMPAÑÍA GENERAL DE TABACOS DE FILIPINAS,
Appellant,

v.

ALHAMBRA CIGAR & CIGARETTE MANUFACTURING COMPANY,
Appellee.

No. [redacted] 18

BRIEF FOR PLAINTIFF AND APPELLANT.

(25930)

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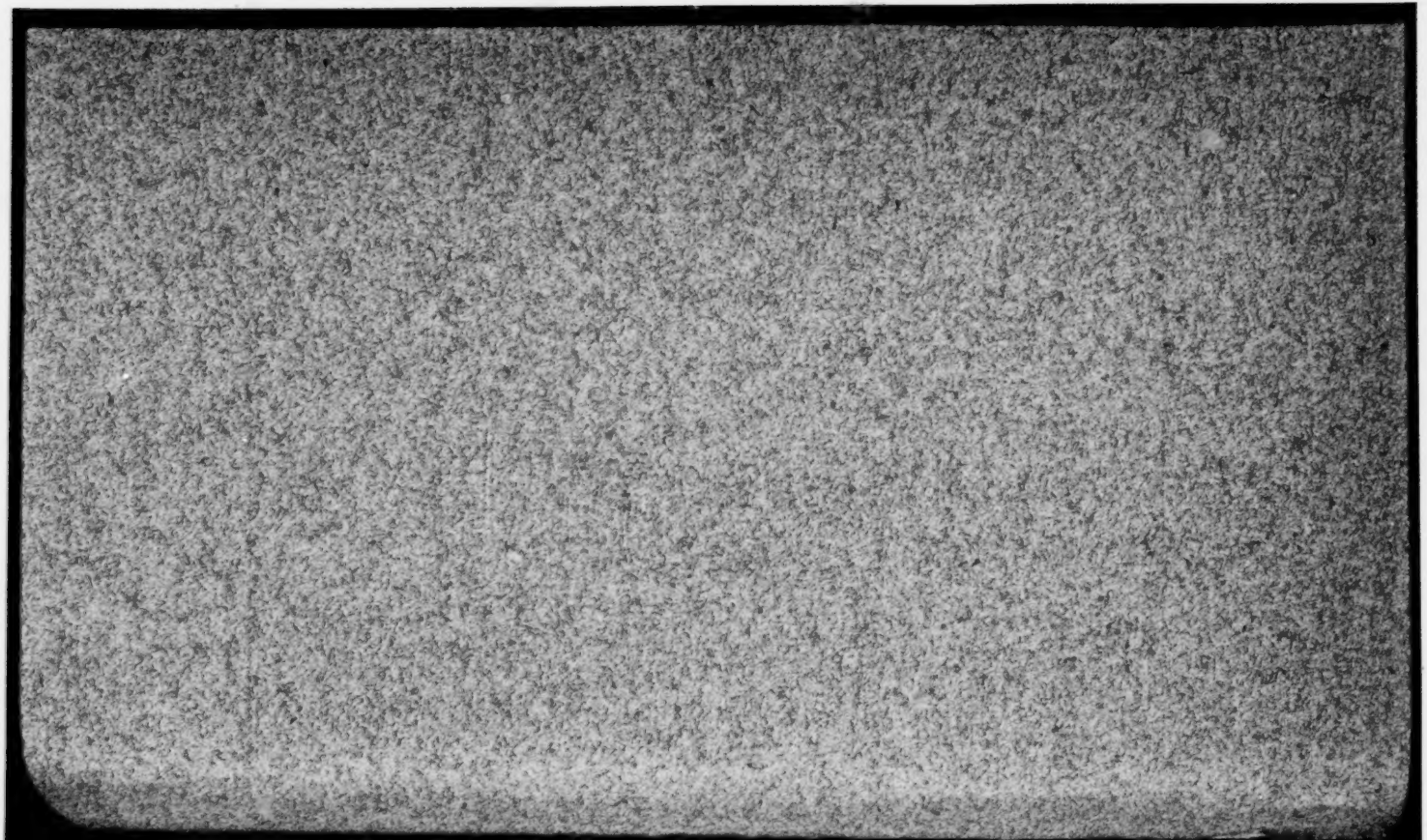

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In the Supreme Court of the United States.

OCTOBER TERM, 1916.

COMPAÑÍA GENERAL DE TABACOS DE FILIPINAS, *Appellant,* v. ALHAMBRA CIGAR & CIGARETTE MANUFACTURING COMPANY, *Appellee.*	No. 1100

BRIEF FOR PLAINTIFF AND APPELLANT.

STATEMENT OF THE CASE.

This is an appeal by plaintiff, Compañía General de Tabacos de Filipinas, from a judgment of the Supreme Court of the Philippine Islands reversing a judgment of the Court of First Instance of Manila, by which defendant was perpetually enjoined from making use of a certain trade name.

STATEMENT OF FACTS.

Plaintiff is a corporation orgainized under the laws of the Kingdom of Spain, and duly authorized to engage in business in the Philippine Islands (Complaint, Rec., p. 1;

Answer, Rec., p. 7). For the past thirty-four years plaintiff has been engaged in the business of manufacturing cigars and cigarettes in the Philippine Islands (Testimony of Mulvahey, Rec., p. 20). Its factory, situated in the city of Manila, is officially designated by the name "La Flor de la Isabela" (Rec., p. 20) by which name, and the contracted form thereof, it has been known ever since 1886. This name is used on all advertising matter connected with plaintiff's cigar and cigarette manufacturing business (Rec., p. 21). On April 5, 1887, His Excellency Don Emilio Ferrero, at that time the Governor General of the Philippine Islands, issued to plaintiff, pursuant to the trade-mark and trade name laws then in force in the Islands, a "certificate of ownership" of certain trade-marks, trade names, and label designs therein described and enumerated (Exhibit A, Rec., p. 50), including the trade name "La Flor de la Isabela" as such and as an integral part of several of the label designs. This title has never been cancelled or annulled (Rec., p. 21). Facsimiles of these trade-marks and labels are attached to the original certificate of ownership (Exhibit A) which, pursuant to the order of the lower court (Rec., p. 88), has been sent up with the transcript. The original certificate of ownership is in Spanish, but a translation will be found in the printed record, on pages 50 to 53, inclusive. This trade name, as such and as an integral part of plaintiff's marks and labels, has been in constant, extensive and exclusive use by plaintiff, from the time of the issuance of the Spanish Certificate of Ownership to the present, saving the acts of defendant hereinafter mentioned (Rec., p. 20, 23).

In its original and primary meaning the word "Isabela" is part of the name of one of the provinces of the Island of Luzon, P. I., namely, the province of "Isabela de Luzon," formerly known as the province of "Nueva

Isabela," but by reason of the general, long-continued, extensive use of the phrase "La Flor de la Isabela" to designate plaintiff's factory and its products, the said phrase and various and sundry abbreviations thereof, including the words "Isabela" and "Isabelas," when applied to manufactured tobacco as a designating brand or name, have come to have and do have a secondary meaning, denoting that such manufactured tobacco is the product of plaintiff's factory, which secondary name has become widely hnown to dealers in and consumers of manufactured tobacco in the Philippine Islands and elsewhere (Findings, decision trial judge, Rec., p. 62).

The name "La Flor de la Isabela" is rarely used in full in popular parlance, being abbreviated to "Isabela" or "Isabelas" when applied to cigars and cigarettes from plaintiff's factory (Rec., pp. 8, 11, 13, 16, 18, 20, 22, 29, 32, 35, 36). Many factories have employed the word "Isabela" in its geographical significance, advertising that their wares are made of tobacco from the province of that name (Exhibits 7 to 15, inclusive). No one but plaintiff, and one or two infringers who were immediately stopped, has ever employed the name "Isabela" as a distinguishing brand or name for cigars or cigarettes (Rec., p. 22). For more than twenty-six years plaintiff has been manufacturing and selling cigarettes under the name of "Isabelas" in three sizes denominated "Cortos," "Largos," and "Entrelargos" (Rec., p. 22). These have been manufactured and sold at the rate of one million packages a year (Rec., p. 28). For the past ten years the products of plaintiff's factory have had an extensive market in the United States, where they are known exclusively as "Isabela Cigars" and "Isabela Cigarettes" (Rec., pp. 30–32). The word "Isabela" as a trade name is registered in the United States (Rec., p. 24).

On or about the first of June, 1914, the defendant herein, a corporation organized under the laws of the Philippine

Islands, and engaged in the manufacture and sale of cigars and cigarettes in Manila and elsewhere in the Islands, commenced to use the word "Isabelas" in its secondary meaning, as a distinguishing brand name for its cigarettes (Rec., p. 48). Defendant adopted this name with full knowledge that it was not open to exclusive appropriation by it (Rec., p. 48). Since the commencement by defendant of the use of the word "Isabelas" as a brand name there has been confusion on the part of the consuming public (Rec., p. 36) and customers who formerly called for "Isabela cigarettes," desiring cigarettes of plaintiff's manufacture, are now given defendant's cigarettes of that name (Rec., p. 36).

Upon becoming aware of this infringement of its rights, plaintiff promptly instituted this suit in the Court of First Instance of Manila for an injunction perpetually to restrain defendant from continuing to use the said name, and for an accounting of the profits made by defendant upon the sale of its products so designated. The case was tried before the Honorable James Ostrand, one of the judges of the Court of First Instance of Manila, on August 3rd, 1914, upon the evidence, oral and documentary, introduced by the parties (Rec., pp. 8 to 61, inclusive). On August 24, 1914, Judge Ostrand, upon the findings of fact and conclusions of law set forth in his decision (Rec., pp. 62 to 64, inclusive), rendered judgment for plaintiff perpetually enjoining defendant from

> employing or making use of the word "Isabelas" or any equivalent thereof or any other word or name confusingly similar thereto as a designating brand or name for cigarettes manufactured by said defendant.

Defendant was also required to account to plaintiff for all profits realized from the sale of its cigarettes manufactured under the name "Isabelas."

The findings of the trial court, upon which its conclusions of law were based (Rec., p. 62) are as follows:

> There is very little dispute as to the facts. It is fully established by the evidence that the plaintiff has for many years operated a tobacco factory known as "La Flor de la Isabela"; that this name has generally appeared on the packages and labels used by the plaintiff for the marketing of its manufactured tobacco products; that on the 5th day of April, 1887, the Spanish Government conferred upon the plaintiff the exclusive ownership of various trade-marks containing in conspicuous letters the phrase "La Flor de la Isabela"; that this phrase was adopted because the plaintiff in the manufacture of cigars and cigarettes originally used tobacco leaf from the Province of Isabela; that for some ten years or more last past the plaintiff has manufactured a brand of cigarettes called "Isabela," known generally to the trade as "Isabela Cortos," "Isabela Entrelargos" and "Isabela Largos" according to size; that sometimes these cigarettes are called "Isabelas" only; that the tobacco products of the plaintiff are generally known in the United States under the name "Isabela"; that about June 15th of this year the defendant began to manufacture and offer for sale a cigarette styled "Isabelas," the labels of the packages in addition to that name also containing the name "Alhambra" in large type; and that there is otherwise no misleading resemblance of the packages and labels to those of the plaintiff.

From this decision, defendant appealed to the Supreme Court of the Philippine Islands, which court by its decision of February 10th, 1916 (Rec., p. 64) reversed the lower court as to the facts and the law. Plaintiff thereafter filed its petition for an appeal, accompanied by the following—

ASSIGNMENT OF ERRORS.

I.

The Supreme Court of the Philippine Islands erred in reversing the judgment of the Court of First Instance of Manila and in dissolving the perpetual injunction issued thereon.

II.

The said Court erred in concluding that a judgment for a perpetual injunction in favor of plaintiff, based upon erroneous grounds, cannot be sustained upon other grounds alleged in plaintiff's complaint, unless the successful plaintiff has appealed from the judgment in its favor.

III.

The said Court erred in holding that a right of action for the violation of a trade-mark or trade name or to restrain unfair competition does not exist independently of express statutory provision and that such right of action is limited to the express terms of statutory law.

IV.

The said Court erred in holding that an action for the violation of a trade name cannot be carried on in conjunction with an action for unfair competition, based on a similarity to the plaintiff's trade name.

V.

The said Court erred in holding that the action for unfair competition is necessarily based upon the general appearance of the merchandise as exposed for sale.

VI.

The said Court erred in holding that no trade name can legally exist, or be legally enforced save under and by virtue of the terms of Act 666, U. S. Philippine Commission.

VII.

The said Court erred in holding that the plaintiff's action based on unfair competition should be dismissed.

VIII.

The said Court erred in holding that the doctrine of secondary meaning, as applied in the law of trade-marks, has no application in the law of trade names.

IX.

The said Court erred in holding that an action for unfair competition, based upon the similarity of plaintiff's and defendant's trade names, will not lie.

X.

The said Court erred in declining and refusing to recognize and enforce the property rights of the plaintiff in the trade name "La Flor de la Isabela."

XI.

The said Court erred in declining and refusing to consider and determine the cause of action duly presented by the pleadings and the evidence based upon the claim that the use of the trade name "Isabela" is an infringement of the trade name "La Flor de la Isabela."

XII.

The said Court erred in holding that a trade name cannot be acquired by appropriation and use, but only by registration or prescription.

XIII.

The said Court erred in holding that the adoption of Act 666 of the United States Philippine Commission, prohibiting the appropriation as trade names of geographical names, operated as a forfeiture of the property rights

of plaintiff in its trade name, existent at the date of the Treaty of Paris, and guaranteed thereby.

XIV.

The said Court erred in finding that the trade name "Isabela" was never used a as separate and distinct word to designate the products of plaintiff's factory.

XV.

The said Court erred in finding that the real names of the products of plaintiff designated as "Isabela Cortos," "Isabela Entrelargos," and "Isabela Largos" is not an appropriation of said name, but is an accidental use due to limits of space.

XVI.

The said Court erred in holding that the use of the word "Isabela" as a trade-mark or trade name is not an infringement of the trade name "La Flor de la Isabela."

XVII.

The said Court erred in holding that the Royal Decree of 1888 of the Kingdom of Spain prohibits the use of a geographical name as a trade name.

XVIII.

The Court erred in holding that the right to the exclusive use of the word "Isabela" is not infringed by the use of the words "Alhambra Isabelas."

XIX.

The Court erred in holding that a trade-mark or trade name cannot be infringed without the use of all of the words and terms thereof in the infringing mark or name.

BRIEF OF APPELLANT'S ARGUMENT.

1. This Court has jurisdiction to entertain the appeal and to decide all the issues of law and fact presented by the record.

2. The right to the use of the phrase "La Flor de la Isabela" as a trade name for its Manila cigar and cigarette factory was expressly granted to plaintiff by the Spanish authorities in the Philippines in 1887.

3. The words "Isabela" and "Isabelas" as an abbreviation of the phrase "La Flor de la Isabela" have long been in use to designate plaintiff's cigar and cigarette factory.

4. The products of plaintiff's factory, and particularly its cigarettes, are and for many years have been generally known by the abbreviated designation of its factory, namely the words "Isabela" and "Isabelas."

5. The cigarettes manufactured by the leading factories of Manila, including plaintiff's factory, are always known by the factory name, and never by the name of the district in which the tobacco used in their manufacture is produced.

6. Defendant is not using the word "Isabelas" solely in its geographical sense to indicate the place of production of the tobacco used in its cigarettes, but is using it as a brand name and trade-mark.

7. The use of the word "Isabelas" on defendant's cigarettes as a brand name, and in its advertisements of its products, tends to mislead purchasers desiring to buy plaintiff's products and does in fact mislead them.

8. The right to use the trade name "La Flor de la Isabela" was lawfully conferred upon plaintiff by the Spanish Governor General of the Philippines in 1887, and was a valid and subsisting property right at the time of the ratification of the Treaty of Paris.

9. The property right created by the Certificate of Ownership of plaintiff's trade name was and is protected by the Treaty of Paris.

10. The Trade-mark Act of the Philippine Commission (Act 666) expressly recognizes the validity of trade names acquired during the Spanish régime.

11. The enactment by the Philippine Commission of its Trade-mark Law (Act 666) could not divest or in any manner modify plaintiff's vested right to the trade name granted to it by the Spanish Government.

12. The phrase "La Flor de la Isabela" is one lawfully susceptible of adoption as a trade name under the American law.

13. Trade names consisting of geographical words which have acquired a secondary meaning are to be accorded the same protection as that to which such words are entitled when incorporated into a trade-mark.

14. The acquisition of an exclusive right to the use of a phrase as a trade name protects the owner in the enjoyment of the essential component parts of the phrase when used as an abbreviation thereof to identify the business to which the trade name relates.

15. The fact that defendant, in using the word "Isabelas" as a brand name for its cigarettes, qualifies it by the use of its factory name "Alhambra" does not make such use unobjectionable.

16. The same course of conduct may constitute an infringement of a technical trade-mark or trade name and also constitute unfair competition, and the court may grant such relief in either event as the facts may warrant.

17. The facts established by the evidence constitute unfair competition on the part of the defendant.

POINT ONE

THIS COURT HAS JURISDICTION TO ENTERTAIN THE APPEAL AND TO DECIDE ALL THE ISSUES OF LAW AND FACT PRESENTED BY THE RECORD.

The judgment of the lower court having been entered before the enactment of the "Act to Amend the Judicial Code * * * ," passed September 6, 1916, the right of appeal is governed by Sec. 248 of the Judicial Code.

The action is based upon the claim of plaintiff to the ownership of the trade name in question, based upon an express grant of the exclusive right to its use from the Spanish authorities. There can be no doubt that such a right is a *property* right.

> The right to adopt and use a symbol or device to distinguish the goods or property made or sold by the person whose mark it is * * * has long been recognized by the common law * * *. It is a property right for the violation of which damages may be recovered * * * in an action at law.
>
> Trade-mark Cases, 100 U. S., 92.

See also:

> Manhattan, etc., Co. *v.* Wood, 108 U. S., 224;
> Maclean *v.* Fleming, 96 U. S., 251.

The "certificate of ownership" of the trade name in question (Exhibit A) having been granted during the Spanish régime in the Philippines, and plaintiff, a Spanish corporation, having been in the use and enjoyment of the rights conferred by the grant at the time of the exchange of ratifications of the Treaty of Paris, the right to continue to do so falls within the terms of the eighth article of the Treaty, which is, in part, as follows:

> and it is declared that the relinquishment * * * shall not impair the property or rights which by law belong to the peaceful possession of property of all

> kinds * * * of private individuals, of whatsoever nationality such individuals may be.

Sec 248 of the Judicial Code confers jurisdiction upon this Court to

> revise, reverse, modify or affirm the final judgments and decrees of the Supreme Court of the Philippine Islands in all * * * cases * * * in which * * * any * * * treaty * * * of the United States is involved.

In some of the decisions of this Court (Muse *v.* Arlington Hotel, 168 U. S., 430; Sloane *v.* U. S., 193 U. S., 614) it has been held that when the jurisdiction of the Court depends upon the existence of a Federal question, the Constitution, statute or treaty, as the case may be, must have been expressly invoked in the court below. We respectfully submit that under Sec. 248 of the Judicial Code the rule is otherwise, and that this is settled by the established practice of this Court.

In the case of Vilas *v.* Manila, 220 U. S., 352, it was contended on behalf of the City of Manila, the appellee therein, that this Court was without jurisdiction to entertain the appeal because the Treaty of Paris had not been expressly invoked in the pleadings. Mr. Frederic R. Coudert, replying to this contention, said in his brief (p. 2):

> It is contended on behalf of the City of Manila that since the Treaty of Paris was not specially invoked by plaintiff's pleadings there is no jurisdictional question properly presented. It is sought to assimilate appeals from the Philippine Supreme Court in this respect to the review of State court judgments by writ of error. The classification is erroneous and misleading. To review a State judgment involving treaty rights it is required by statute that the alleged right under the treaty shall have been "specially set up or claimed" and the decision must have been adverse to such claim (U. S. Rev. Stat., par. 709).

> To review a judgment of the Philippine Supreme Court it is sufficient that any statute or treaty of the United States be "involved," and it is deemed to be "involved" where its construction or effect has been passed upon by the court below or has to be passed upon by this Court in reaching its conclusion.

To this contention it might be added that Sec. 709 of the Revised Statutes—now re-enacted as Sec. 237 of the Judicial Code—establishes a rule of pleading, under which the plaintiff or defendant, as the case may be, is expressly required to *plead* the statute or the treaty upon which it is proposed to rely. In the Philippine Islands the code system of pleading prevails (Act 190, Philippine Commission), under which the pleader is required to state merely the *facts* upon which he deems his cause of action or defense to rest. The Court is required upon such pleading to take notice of the law—whether it be statute, Constitution, or treaty—applicable thereto. Under such a system of pleading every provision of law in force which is properly applicable to the facts alleged and proved, and upon which a legal right arises which it is the duty of the Court to enforce, must be regarded as *involved*.

In disposing of the contention of lack of jurisdiction in the Vilas case, the Court held that, notwithstanding the lack of any distinct claim in plaintiff's petition of a right arising under the Treaty of Paris—

> that treaty was necessarily "involved" since neither the court below nor this Court can determine the continuity of the municipality nor the liability of the city as it now exists * * * without considering the effect of the change of sovereignty resulting from that treaty.
>
> Vilas *v.* Manila, 220 U. S., 353.

Likewise in this case it may be said that it cannot be disposed of without a determination of the question of

whether the trade name in dispute enjoys the protection of the Treaty. It is true that the lower court, in its opinion, makes no mention of the Treaty in terms, but its decision of necessity implies that it takes the view that no right under the Treaty has been disregarded by its action. In this connection it is to be remembered that appellant had obtained a judgment in the trial court, and that the attention of the Philippine Supreme Court was directed to the questions presented by the assignments of error urged by defendant. Plaintiff had no menas of compelling the Supreme Court of the Philippines to give an opinion on any particular point of law involved.

In the case of Cariño *v.* the Insular Government (212 U. S., 451) the writ of error was entertained and jurisdiction upheld, although neither the Treaty of Paris or any Statute of the United States was invoked in the petition for the registration of title to the land there in question. In the lower court the case was tried on the assumption on the part of petitioner that he had a good title to the land under Spanish law before the change of sovereignty. The lower court took the contrary view (7 Philippine Reports, 132). The right under the Treaty of Paris is invoked in petitioner's brief in this Court (p. 55) as follows:

> The plaintiff in error, Cariño, had under the Treaty of Paris a property right the existence of which has been recognized by Congress.

In disposing of the case the Court said:

> For more than fifty years before the Treaty of Paris * * * the plaintiff and his ancestors had held the land as owners (p. 456).

The point is not directly mentioned, but the assumption is warranted that as the Court took the view that the evidence demonstrated that plaintiff had title to the land under the Spanish law at the time of the change of sover-

eignty, the refusal of the Philippine Supreme Court to recognize that title in effect amounted to the denial of a right guaranteed under the Treaty, and that it was therefore "involved." This view is strengthened by the fact that the record contains no showing of the value of the land in dispute, so that the jurisdiction of this Court to reverse the decision of the court below must of necessity have rested upon the existence of a Federal question arising under the Treaty. The importance of the case as a precedent is greatly enhanced by the fact that the attention of the Court was directly drawn to the question of its jurisdiction, by the contention of the Government that the case should have come up by appeal instead of by writ of error. It was not suggested that no Federal question was involved.

The case of Ubeda *v.* Zialcita (226 U. S., 452) was tried in this Court on the merits and the decison below affimed. There were no affidavits of value, and the sole ground upon which the jurisdiction of the Court could have attached was the contention of appellant advanced in terms only after the decision of the Philippine Supreme Court was rendered, that the decision of that court was in effect a denial of a property right in a trade-mark granted during the Spanish régime, protected, it was contended, by the Treaty of Paris. The Court (p. 454) considered this contention but decided the point adversely to appellant's contention.

This case is also authority for the proposition that the remedy in an injunction suit is by appeal. The conclusions of the lower courts as to the facts not being concurrent the Court will review the evidence and establish its own conclusions regarding the facts.

De la Rama *v.* De la Rama, 201 U. S., 303.

The Act of Congress of July 1st, 1902 (the Philippine Bill) is also involved. Sec. 5 of that Act declares that no

law shall be enacted in the Philippines which shall deprive any person of property without due process of law. Act 666 of the Philippine Commission, if susceptible of the construction given it by the court below, deprives plaintiff of its property in a trade-name validly conferred under the Spanish law.

POINT TWO

THE RIGHT TO THE USE OF THE PHRASE "LA FLOR DE LA ISABELA" AS A TRADE NAME FOR ITS MANILA CIGAR AND CIGARETTE FACTORY WAS EXPRESSLY CONFERRED UPON PLAINTIFF BY THE SPANISH AUTHORITIES IN THE PHILIPPINES IN 1887.

That the grant of the privilege of using the phrase "La Flor de la Isabela" was in fact conferred upon plaintiff is not disputed. The grant is contained in the Certificate of Ownership (Ex. A, Rec., pp. 50 to 53) issued to plaintiff by Governor General Ferrero in 1887. The certificate recites that plaintiff is the

> "sole owner and possessor of the trade-names * * * 'La Flor de la Isabela'"

and others, and declares (Rec., p. 53) that the issuance of the certificate vests in the plaintiff all the benefits conferred by the law, and authorizes it to prosecute before the courts

> "all persons who may usurp or counterfeit the lawful rights hereby conferred."

POINT THREE

THE WORDS "ISABELA" AND "ISABELAS" AS AN ABBREVIATION OF THE PHRASE "LA FLOR DE LA ISABELA" HAVE LONG BEEN IN GENERAL USE TO DESIGNATE PLAINTIFF'S CIGAR AND CIGARETTE FACTORY.

As the most convenient method of demonstrating this proposition we shall transcribe verbatim the testimony bearing on this point:

TESTIMONY OF CARL HESS, (Rec., pp. 11, 12).

This witness was asked (Rec., p. 12) by whom the abbreviation "Isabela" was used in referring to plaintiff's factory, to which he replied:

> A. Generally, the cigar makers around here used to refer to the Tabacalera Factory as the Isabela Factory; I was running a little cigar factory at the time and I remember that the cigar makers used to speak about the Isabela Factory. That is years ago now that I am speaking of, that is ten years ago, about ten years ago now.

TESTIMONY OF PLAINTIFF'S WITNESS, E. E. ELSER (Rec., pp. 13–14).

> Q. Have you ever heard the factory La Flor de Isabela referred to by any other name?
> A. Except as Isabela and Tabacalera.
> Q. Have you heard the Tabacalera factory "La Flor de la Isabela" called Isabela?
> A. Yes, sir.
> Q. Frequently?
> A. I wouldn't say as to that; I should say yes, rather frequently.
> * * * * * * *

Both these witness had been engaged in the tobacco business in the Philippine Islands some years before the

date on which they gave their testimony but were not so engaged at that time (Rec., pp. 13–12).

TESTIMONY OF PLAINTIFF'S WITNESS, SAMUEL F. GACHES, (Rec., p. 16).

Q. Do you know the name of the factory conducted by the Compañía General de Tabacos de Filipinas?

A. I do.

Q. What is it?

A. La Flor de la Isabela.

Q. Is that name in general popular use in the Philippine Islands in speaking of that factory and its products?

A. Yes, it is more often abbreviated to La Isabela.

* * * * * * *

TESTIMONY OF PLAINTIFF'S WITNESS, T. D. FIGUERAS (Rec., p. 18).

Q. How many years have you lived in the Philippine Islands, Mr. Figueras?

A. Twenty-seven years now.

Q. Are you familiar with the names and brands of cigar and cigarette factories in the Philippine Isalnds and their products?

A. I know some of them.

Q. Do you know the names by which cigars and cigarettes and the factories which make them are recognized by the general public in the Philippine Islands?

A. Yes, sir.

Q. What is the name of the factory of the Compañía General de Tabacos de Filipinas?

A. La Flor de la Isabela.

Q. Is that name ever abbreviated?

A. Many times.

Q. What abbreviation is used?

A. La Isabela.

* * * * * * *

TESTIMONY OF PLAINTIFF'S WITNESS, ANTONIO MALVEHY (Rec., p. 20).

Mr. Malvehy, who is the secretary of the plaintiff corporation and has been connected with it for the past twenty-four years (Rec., p. 20) testified on this point as follows:

Q. Has the cigar and cigarette factory of the company a special name?

A. Yes, sir.

Q. What is it?

A. La Flor de la Isabela.

Q. How long has it had that name?

A. Since the establishment, over twenty-seven years ago.

Q. How is that name used by the company?

A. It is used in all that refers to the factory as well as its products, it is on the letter heads, invoices, packages, etc.

Q. Is the factory generally known by that name?

A. Yes, sir.

Q. Everywhere or only in places?

A. Everywhere where cigars and cigarettes are sold.

* * * * * * *

Q. The name of the factory—La Flor de la Isabela—is it always used in its complete form or it is sometimes abbreviated?

A. It is used sometimes in an abbreviated form and sometimes there is used only "La Isabela" referring to the factory "Isabela" or "Isabelas" when referring to the products of the factory.

Q. In public usage is the complete form, La Flor de la Isabela, or some form of abbreviation more generally used?

A. The two forms are frequent but here in the Philippine Islands as well as in America they are accustomed to use "Isabela," "Isabella," or "Isabelas."

Q. What is the usage in the United States of America with regard to your factory and its products?

A. In America there is frequently used "Isabela."

TESTIMONY OF DEFENDANT'S WITNESS, WALTER E. OLSEN (Rec., p. 30).

This witness was at the time of giving his testimony and had been for eleven years previously engaged in the tobacco business in the Philippine Islands (Rec., p. 30). He testified that the Flor de la Isabela factory of the plaintiff is one of the four or five largest concerns in the Islands; that the plaintiff's corporate name which is in full "La Compañía General de Tabacos de Filipinas" is generally contracted in common parlance to the word "Tabacalera." The witness was then asked how the output of the Company is generally referred to by the public, to which he replied (Rec., p. 30):

> Well, with the public here in the Islands it is usually referred to as Tabacalera; in the States it is quite different, it is usually referred to there as Isabela or La Flor de Isabela, but almost always as Isabela.

On cross-examination the witness testified upon this point as follows:

> Q. Now is the name La Flor de Isabela ever abbreviated; I mean in general usage in the Philippine Islands?
>
> A. Well, I—I can't say that I have ever heard, that I have ever used it abbreviated in any other way than Tabacalera.
>
> Q. Haven't you on various occassions in your examination used it in an abbreviated form, haven't you yourself referred to it as Flor de Isabela?
>
> A. La Flor de Isabela, yes.
>
> Q. Did you not just now use an abbreviation of the name of the factory?
>
> A. Well, that is the name of the facotry La Flor de Isabela.
>
> Q. And you believe that is the full name of the factory La Flor de Isabela?
>
> A. Yes, that is my understanding of it.

Q. Have you ever heard it called by any shorter name than that?

A. I have heard it called Isabela or La Isabela.

Q. By whom have you heard it so called?

A. I have heard, not the factory called that, but the cigarettes—we have had occassional calls for Isabela Cortos cigarettes of the Tabacalera.

POINT FOUR

THE PRODUCTS OF PLAINTIFF'S FACTORY AND PARTICULARLY ITS CIGARETTES ARE AND FOR MANY YEARS HAVE BEEN GENERALLY KNOWN BY THE ABBREVIATED DESIGNATION OF ITS FACTORY, NAMELY, THE WORDS "ISABELA" AND "ISABELAS."

The evidence on this point is not unduly voluminous and for convenience will be reproduced here.

TESTIMONY OF PLAINTIFF'S WITNESS SANCHO, (Rec., p. 8).

This witness, who has been in the Philippine Islands fifteen years and is the Manila buyer of a Provincial house dealing in cigars and cigarettes, testified that—

> if any one asks for Isabela cigarettes it is understood they are referring to the Tabacalera;

that the witness has often had occasion to order the short type of cigarettes manufactured by plaintiff:

> I have always said to send Cortos Cigarrillos "Isabela";

that the meaning of the word "Isabela" in this sense is a matter of the general knowledge of the public.

PLAINTIFF'S WITNESS HESS (Rec., p. 11).

This witness who had been in the Philippine Islands fourteen or fifteen years at the time he gave his testimony and had been in the tobacco business some years before, was asked if the phrase "La Flor de la Isabela" is ever abbreviated by the general public, to which he answered:

> They generally refer to Isabela cigars or cigarettes when they talk about cigars or cigarettes of the Tabacalera factory (Rec., p. 11);

that this reference came,

> from buyers of cigarettes;

that the time to which witness refers was when he was running a little cigar factory in Manila "about ten years ago now."

TESTIMONY OF PLAINTIFF'S WITNESS ELSER (Rec., p. 13).

This witness who had been in the Philippine Islands about twelve or thirteen years at the time of giving his testimony and had been interested in the tobacco business some eleven years before, but is not now connected with that trade, when testifying, said that—

> the word "Isabela" when used in connection with cigars and cigarettes is always associated with the Tabacalera factory.

PLAINTIFF'S WITNESS GACHES (Rec., pp. 15 to 18, inclusive.)

This witness had been in the Philippine Islands fourteen years at the time of giving his testimony, part of the time in the Internal Revenue Department of the Philippine Government and part of the time in business. He is familiar with the prominent makes and brands of cigars and cigarettes produced in the Philippine Islands. He testified that the name "Isabela" as applied to cigars and cigarettes indicates

> that they are cigars manufactured by the Tabacalera Company.

PLAINTIFF'S WITNESS FIGUERAS (Rec., pp. 18-20).

This witness, who at the time of giving his testimony had resided in the Philippine Islands for twenty-seven years, testified that—

> using the word "Isabela" in connection with cigars and cigarettes, I would understand, and the public understands, that they are made or manufactured by the La Flor de Isabela factory. * * * When I ask for an Isabela cigarette I do not care whether the

> tobacco used in the cigarette comes from Isabela, Cagyan or Barili. I simply ask for a cigarette manufactured by the Flor de Isabela Company. * * * That is my personal opinion, I believe it is the general opinion, also.

TESTIMONY OF PLAINTIFF'S WITNESS MALVEHY (Rec., pp. 20–27).

This witness, who is the Secretary of the plaintiff corporation, at the time of giving his testimony had been connected with plaintiff for twenty-four years. Regarding the abbreviated form of the name of plaintiff's cigar and cigarette factory the witness testified that—

> it is used sometimes in an abbreviated form and sometimes there is used only "La Isabela" referring to the factory, or "Isabelas" or "Isabela" in referring to the products of the factory.

The witness was asked (Rec., p. 22) whether plaintiff's factory manufactured any product under the brand name of Isabela or Isabelas, to which he replied:

> Yes, sir, we have the Cortos, known as Isabela Cortos, which appear in our tariff by that name, and furthermore, in all the orders we receive they are known by that name, Isabela.

Interrogated as to the length of time the plaintiff corporation had been making use of this abbreviated form of this trade name in connection with the manufacture and sale of cigarettes the witness replied that the Company had been selling Isabela Cortos, Isabela Largos and Isabela Entrelargos continually since it had been in business and that they have always been known by that name, which has been continually published in the plaintiff's price lists (Rec., p. 23). He identified plaintiff's Exhibit O, a wrapper or package used for "Isabela" cigarettes by plaintiff, and testified that this particular style of package had been in use five or six years, at least.

The witness on cross-examination was asked what the word "Cortos" means (Rec., p. 24), to which he replied:

> There are three sizes of this cigarette, "Cortos," "Entrelargos" and "Largos" (short, medium and long).

PLAINTIFF'S WITNESS URMANETA (Rec., p. 29).

This witness, who is the manager of plaintiff's La Flor de la Isabela factory, testified that the Isabela Cortos cigarettes are made by plaintiff at the rate of about a million a month; that they had always been known by that name since witness had been in the Islands, are catalogued under that name, ordered by plaintiff's customers by that name and have not, that he recalls, been ordered by any other name (Rec., p. 29).

DEFENDANT'S WITNESS OLSEN (Rec., pp. 30–34).

This witness, who for a period of several years next preceding the time at which he gave his testimony, had been engaged in the tobacco business at Manila, was asked:

> Do you know whether there are any cigarettes in the market here now known as Isabela?

To this he replied in the affirmative and on being asked by what factories these cigarettes are made, answered,

> There is the Isabela Alhambra and the Isabela Cortos and Isabela Largos of the Tabacalera Company.

The witness was then asked by counsel for defendant whether the Isabela Cortos and the Isabela Largos of the La Flor de Isabela factory—

> had any other marks by which they are known besides Isabela Cortos and Isabela Largos,

to which he replied:

> Well, they are *sometimes* (Italics are ours) called Tabacalera Cortos and Tabacalera Largos, that is the term by which they are usually called for in the trade, Tabacalera Cortos and Tabacalera Largos.

On cross-examination, Mr. Olson at first testified that he had never heard the name La Flor de la Isabela abbreviated in any other way than as Tabacalera (Rec., p. 31); but on being pressed admitted that he knows that the word Tabacalera is used as the abbreviation of the corporate name of the Company, "La Compañía General de Tabacos de Filipinas" and is applied equally to its other business, including steamships, as to its tobacco business and that he knows that the Tabacalera Company is the owner of the Flor de la Isabela factory. He further admitted in response to the interrogation of the cross-examiner that—

> we have occasional calls for Isabela Cortos cigarettes of the Tabacalera (Rec., p. 32).

He was then asked if that was not the name by which the cigarettes marketed in the package in evidence as plaintiff's Exhibit P are known, to which he replied:

> I would not say that they are always referred to as that—as Isabela Cortos—in fact, they are usually referred to as Tabacalera Cortos or Tabacalera Largos, that is the way they are more generally called for by the trade.

The witness then testified upon further cross-examination, that plaintiff's cigarettes are advertised and known in the United States as "Isabelas" (Rec., p. 32). The testimony of this witness—particularly as he was called by defendant—is very significant with regard to the use of the word "Isabela" by the public to designate plaintiff's cigarettes. When asked by counsel for defendant if there are "any cigarettes in the market" here now

known as "Isabela" the witness mentioned but two—that is, those made by the parties to this suit. No other cigarettes on the market whether made from Isabela tobacco or not, are so desiganted. Plaintiff's cigarettes have been so designated for years and years—those of defendant had only been on the market six weeks when Mr. Olsen was giving his testimony. Defendant's manager testified (Rec., p. 40) that he had commenced to manufacture and advertise Isabela cigarettes—

> about the middle of June.

Mr. Olsen's testimony and that of defendant's witness Prising (Rec., p. 36), shows that the Alhambra cigarettes are sold as "Isabelas."

TESTIMONY OF DEFENDANT'S WITNESS PRISING
(Rec., pp. 34 to 37).

This witness, who at the time of giving his testimony had been in the Philippine Islands about sixteen years, most of the time engaged in the tobacco business, was asked by counsel for defendant if he knew of—

> any cigarettes in the market here known as Isabela.

To this the witness replied in the affirmative, saying that the cigarettes in question were made by the Alhambra factory—the factory operated by the defendant. He was then asked:

> Did you ever know of any cigarettes on the market here known as Isabela before those put on the market by the Alhambra?

to which he replied:

> Not by Isabela itself, "Isabela Cortos" and "Isabela Largos," yes (Rec., p. 35).

As an important bit of circumstancial evidence showing the extent to which the abbreviated term "Isabela" is

used to designate plaintiff's factory and its output, attention is invited to the following, taken from the cross-examination of defendant's witness Prising:

Q. Do you know this Exhibit P?
A. Yes, sir.
Q. What is it?
A. Isabela Cortos.
Q. Of what factory?
A. The Tabacalera.
Q. Do you know if these Isabela Cortos are in demand in the local market?
A. Yes, sir.
Q. What do the consumers of the other size call these cigarettes?
A. Isabela Cortos, the name that is on them.

This witness had been in the tobacco business in the Philippine Isalnds for sixteen years. The minute he was asked the name of the sample of plaintiff's cigarettes (Exhibit P) shown to him he spontaneously and unhesitatingly gave the name which he had doubtless used hundreds of times before—"Isabela Cortos"—(short Isabelas).

It is curious—and instructive—to note that of all the witnesses called in this case by either side the only one in any manner connected with the tobacco trade who says that he has never heard of plaintiff's cigarettes under the name of Isabelas is defendant's manager, Mr. Hoffmaster, who has been in Manila engaged in the cigarette manufacturing business for eighteen years (Rec., p. 39). He says positively that he has never heard of or seen any cigarettes known as Isabela before the Alhambra began to manufacture them (Rec., p. 39).

DEFENDANT'S WITNESS MACMICKING (Rec., p. 46).

This witness was called to prove that although he smokes cigarettes he had never heard the plaintiff's cigarettes called by the name of Isabela (Rec., p. 36).

When his attention was drawn on cross-examination to the particular class of cigarettes manufactured by plaintiff under the name "Isabelas" he said that he had *never smoked them and did not know the name of that brand.*

DEFENDANT'S WITNESS BLANCO (Rec., p. 46).

The testimony of this witness is negative and to the same general effect as that of the witness McMicking. He said that he had never seen the particular cigarettes in dispute here before the trial.

We submit that the proof is conclusive upon this point. The affirmative testimony of all the witnesses called by us, corroborated by the testimony of defendant's witnesses Olsen and Prising, is not weakened by the merely negative testimony of the witnesses Blanco and MacMicking. They did not undertake to say that the cigarettes in question were not in fact known to the trade and to consumers generally as "Isabelas," but simply that they were not aware of that fact.

POINT FIVE

THE CIGARETTES MANUFACTURED BY THE LEADING FACTORIES IN MANILA, INCLUDING PLAINTIFF'S FACTORY, ARE ALWAYS KNOWN BY THE FACTORY NAME, AND NEVER BY THE NAME OF THE DISTRICT IN WHICH THE TOBACCO USED IN THEIR MANUFACTURE IS PRODUCED.

In the decision of the lower court (Rec., p. 71), it is stated in the eighth paragraph of the enumeration of certain statements, which the court says "appear to be uncontroverted," that—

> The word "Isabela" when used in connection with tobacco, cigars and cigarettes, signifies in its primary sense that the tobacco itself, or that composing the cigars or cigarettes is Isabela tobacco.

The statement that this proposition is "uncontroverted" is correct only in the sense that it was not made by defendant at any time during the trial. It appears for the first time in the decision of the lower court and this is the first opportunity we have had to controvert it, which we do most earnestly. It is not only without any evidence to support it but is wholly at variance with the evidence produced through the testimony of defendant's own witness, Mr. Olsen. This witness, who was at the time of giving his testimony and for many years before had been engaged in the tobacco business in Manila, was (Rec., p. 32) asked on cross-examination, whether Philippine cigars and cigarettes "are distinguished and designated according to the factory by which they are manufactured or according to the tobacco which is in them." To this question the witness replied: "According to the factory."

In answer to further questions the witness stated that Philippine cigarettes are designated according to the fac-

tory by which they are made "exclusively." He then went on to say that each of the factories makes use of the various tobaccos grown in the Islands, and was then asked (Rec., p. 33):

> So, if a man called for a Cagayan perfecto you would have no means of knowing just what he wanted, whether he wanted an Insular, Alhambra, Tabacalera or what?

to which he replied:

> You couldn't conscientiously give him one.

The witness then testified that although the factories using Isabela tobacco in their products generally state that fact in their announcements to the public, there is no tendency on the part of the public or of the trade to designate the products of such factories by using the word "Isabela"; that if a man desires cigarettes made by the La Yebana factory it never occurs to him to ask for Isabela cigars, although the La Yebana Company quite extensively advertises the fact that its products are manufactured exclusively from the best Isabela tobacco. The witness was then asked by the cross-examiner:

> And if he called for an Isabela cigar what would you think he wanted?

to which the witness replied:

> Well, to the trade we would give him a Tabacalera cigar if he called for an Isabela, and in people coming from the United States—in the United States the cigars of the Tabacalera are advertised and sold under the name of Isabela and La Isabela, and people coming from the States, we have calls for Isabela cigars and cigarettes (Rec., p. 34).

Of course, it is obvious that the witness meant to say that such calls for plaintiff's cigars under the name of Isabela were received by his firm in Manila.

On this same point our witness Mr. T. D. Figueras (Rec., p. 18) testified to the same effect as defendant's witness Mr. Olsen. He was asked (Rec., p. 18):

> Does the word "Isabela" applied to cigars and cigarettes have any special signification in the Philippine Islands indicating the origin of the cigars and cigarettes to which it is applied?

to which he replied:

> No sir, I would think that they came from La Flor de Isabela.

On being asked:

> In the Philippine Islands, Mr. Figueras, speaking now of public usage and custom, is it customary to distinguish between cigars and cigarettes according to the tobacco which is in them or according to the factory where they are made?

The witness answered:

> Of the different factories, when I ask for an Isabela cigarette I do not care whether the tobacco used in that cigarette comes from Isabela, Cagayan, or Barili, I simply ask for a cigarette manufactured by the La Flor de Isabela Company (Rec., p. 18).

A perusal of the transcript will show that this testimony —that of Mr. Olsen and that of Mr. Figueras—is the only evidence in the record bearing upon this question.

The conclusion is, we submit, inevitable that the Court is wholly in error in its statement (Rec., p. 71) that—

> the word "Isabela" when used in connection with * * * cigarettes signifies * * * that the tobacco * * * composing the * * * cigarettes is "Isabela tobacco."

POINT SIX

DEFENDANT IS NOT USING THE WORD "ISABELA" SOLELY IN ITS GEOGRAPHICAL SENSE TO INDICATE THE PLACE OF PRODUCTION OF THE TOBACCO USED IN ITS CIGARETTES, BUT IS USING THE WORD "ISABELAS" AS A BRAND NAME AND TRADE-MARK.

Plaintiff does not contend and has never contended that the use of the word "Isabela" in its geographical sense to designate the source of the tobacco used in the cigars or cigarettes of competing manufacturers is an infringement of its rights (Rec., p. 37). The record shows that such use of the word has been made for years by other concerns, including this defendant, without objection or opposition by plaintiff. This is established by defendant's documentary evidence. This subject is covered by defendant's Exhibits (Rec., pp. 58 to 60, inclusive) 7 to 14 inclusive, which are described in the transcript as follows:

EXHIBIT 7.

Defendant's Exhibit 7 is an advertising card used by defendant to advertise the output of its cigar and cigarette factory, which contains the following statement:

> This factory uses none but the finest selected "Isabela" leaf in all "their high-grade cigars."

EXHIBIT 8.

Defendant's Exhibit 8 is a label used as a flap cover for cigar boxes, on which is printed in Spanish:

> Carefully made from the best Isabela leaf.

EXHIBIT 9.

Defendant's Exhibit 9 is a label used on the boxes containing defendant's "Imperial" brand of cigarettes, which bears the words:

> Choicest cigarettes made exclusively from the very best assorted leaves of the best districts of Ysabela Province.

EXHIBIT 10.

Defendant's Exhibit 10 is a catalogue issued in July, 1906, by Walter E. Olson & Company, Manila cigar dealers, which contains advertisements of their "Jose Rizal" cigars, which are described as being made—

> from the most carefully selected leaf grown in the rich fields of Isabela Province.

It also contains an advertisement of the "Primera Hebra" cigarettes manufactured by the Yebana Cigar and Cigarette Factory in the city of Manila, which are described as being made of—

> a superior blend of the finest selected matured Isabela tobacco grown on the company's own plantations in Isabela Province.

It also contains an advertisement of the defendant's "Alhambra Imperial" cigarettes, which are described as follows:

> Made by hand from the choicest Isabela leaf from which all stems and veins have been carefully removed leaving only the heart of the leaf.

EXHIBIT 11.

Defendant's Exhibit 11 is an illustrated advertising pamphlet issued by defendant in 1912, which contains a statement that the cigars and cigarettes made by defendant in the Alhambra factory are made of tobacco selected by buyers sent by defendant to visit—

> various plantations in the Cagayan Valley of northern Luzon, where the choicest Isabela tobacco is grown.

EXHIBIT 12.

Defendant's Exhibit 12 is a price list of cigars and cigarettes issued by "La Insular" factory in Manila, which contains a statement that the factory has—

> large stocks of leaf tobacco from Isabela and Cagayan, which is the "best guarantee of the quality of its products."

EXHIBIT 13.

Defendant's Exhibit 13 is an advertising card on which it is stated that the cigars made by the defendant are—

> of the very highest grade of picked Isabela tobacco.

EXHIBIT 14.

Defendant's Exhibit 14 is a price list issued in July, 1913, by Walter E. Olson & Company, Manila cigar dealers, which contains an advertisement of the cigars made by the Insular factory in Manila, which are described as being made from—

> the choicest quality of Isabela tobacco.

It also contains an advertisement of the cigars made in defendant's Alhambra Cigar and Cigarette Factory, which are described as—

> made from Isabela leaf, filler and wrapper.

It also contains six pages of illustrated advertisements of the cigars made by plaintiff corporation in its Manila factory, on each page of which the words "La Flor de la Isabela" are used to designate plaintiff's products, the same words appearing on the photographic reproductions of the rings used on plaintiff's cigars and on the boxes containing them.

The Court will note that the correctness of the foregoing synopsis of these exhibits has been the subject of an express stipulation (Rec., p. 61).

Particular attention is invited to the fact that in each of the instances afforded by these exhibits the word "Isabela" when used geographically is used in the singular, whereas when used to designate plaintiff's wares in general it is more frequently used in the plural.

> Previous to putting the Alhambra Isabela on the market—if a man came up and called for Isabelas you wouldn't know what he wanted without questioning him whether he wanted "Isabela Cortos" or "Isabela Largos."
>
> * * * * * * * *
>
> If a man comes up now and asks for Isabelas we give him Alhambra "Isabelas."
>
> * * * * * * * *
>
> * * * If a man came up in the old times and asked for Isabelas we would ask whether he wanted Isabela Cortos or Largos, but if a man comes up now and asks for Isabelas he is always given Isabelas Alhambra * * *
>
> Testimony of defendant's witness Prising (Rec., p. 36).

Defendant's manager, Mr. Hoffmaster, in his testimony (Rec., p. 44) lays great stress on his statement that the only object of his company in making use of the designation in dispute is to call attention to the fact that the cigarettes in question are made from Isabela grown tobacco. He says:

> We are using this name because it is not our intention to use it principally, but merely for the purpose to call the attention of the people to the fact that these cigarettes were made from Isabela tobacco, from tobacco grown in Isabela province.

We submit that if that were the only purpose in mind defendant would have endeavored to accomplish it in the same manner as previously (Exhibits 7 and 9, Rec., p. 58) by the direct statement as to the source of the

tobacco. Had such been the purpose in mind, defendant would not have endeavored to incorporate into its registered trade-mark (Exhibit 17, Rec., p. 60) the word "Isabelas" as a *brand* name for cigarettes, in addition to the statement that they are "made only from selected Isabela leaf," nor would the phrase "Alhambra Isabelas" be placed on each of the cigarettes, as Mr. Hoffmaster states the practice to be (Rec., p. 42).

Furthermore, Mr. Hoffmaster's testimony to the effect that defendant merely desires to call attention to the fact that its cigarettes are made from tobacco grown in Isabela Province is contradicted by the statement of Mr. Meyer, the President, of the defendant corporation (Rec. p., 48). He testified that he had never considered "Isabela" to be a trade name. He was then asked if he was not using that word as a trade name for a particular cigarette, to which he replied (Rec., p. 48):

> A. We use Isabela in conjunction with Alhambra, *we have the name Alhambra Isabelas.*
> Q. As the name of a cigarette?
> A. Yes.

The Court is respectfully requested to inspect the defendant's original exhibit number 3, sent up with the transcript. It will be apparent that cigarettes packed and advertised as the exhibit shows defendant's cigarettes to be, are bound to become known as "Isabelas" and may readily be foisted upon consumers calling for "Isabelas" in the expectation of being given plaintiff's wares.

POINT SEVEN

THE USE OF THE WORD "ISABELAS" ON DEFENDANT'S CIGARETTES AS A BRAND NAME AND IN ITS ADVERTISEMENTS OF ITS PRODUCTS, TENDS TO MISLEAD PURCHASERS DESIRING TO BUY PLAINTIFF'S PRODUCTS, AND DOES IN FACT SO MISLEAD THEM.

The evidence, as we have demonstrated (*ante*, pp. 17 and 22), as established by the testimony of defendant's witnesses as well as our own, shows conclusively and overwhelmingly that the words "Isabela" and "Isabelas" are commonly used and have been used for nearly thirty years past to designate plaintiff's factory and the cigarettes manufactured therein. This being so, it follows, of course, that the same word used as a *name* for cigarettes of another make, and not plainly in the primary sense of indicating the source of the tobacco used in making them, must tend to mislead purchasers.

Testimony of plaintiff's witness, Pérez (Rec., p. 28).

Furthermore, the evidence of defendant's own witnesses shows that purchasers are in fact being so misled, to plaintiff's detriment and to the profit of defendant. Upon this point the testimony of our opponent's witness Prising is perfectly clear. This witness, who testifies he has been selling Philippine cigarettes of the various brands for years, wholesale and retail (Rec., p. 35), says that plaintiff's cigarettes are in demand in the local market under the names of Isabela Cortos, Isabela Entrelargos, and Isabela Largos, according to the size desired, short, medium or long. He was then asked, on re-direct examination, by defendant's attorney:

> Then these people who call for cigarettes as Isabela Largos, Isabela Cortos or Isabela Entrelargos would have to give one of these additions or adjectives in

order to inform the seller what kind of a cigarette he wanted, would he not?

The witness answered in the affirmative, and was then asked (Rec., p. 36):

They could never be called for as Isabelas?

to which he replied:

Well, *previously to putting the Alhambra Isabela* on the market if a man came up and called for Isabelas you wouldn't know what he wanted without questioning him whether he wanted Isabela Cortos or Isabela Largos.

At this point the re-direct examination abruptly ended, but further information was sought by cross-examination, as follows (Rec., p. 36):

Q. How is that affected by the fact that the Alhambra Isabelas have been put on the market?

A. I do not find there has been any effect. *If a man comes up now and asks for Isabelas we give him Alhambra Isabelas.*

* * * * * * *

Q. Even if some man who formerly called for Isabelas desiring Isabelas of the Tabacalera Company and who you say you were obliged to question as to whether he wanted Cortos or Largos, you give him Alhambra Isabelas?

A. Well, I don't remember having had any experience of that kind. If a man came up in the old times and asked for Isabelas we would ask him if he wanted Isabela Cortos or Largos, but if a man comes up now and asks for Isabelas he is always given Isabelas Alhambra, and I don't know of any case where they said that wasn't what they wanted.

The "old times" to which the witness refers as though pertaining to some forgotten age could not have been more remote than six weeks—for the trial took place early in August, 1914, and it was only in mid-June of

that year that defendant commenced to market its "Isabela" cigarettes.

Nothing could more eloquently portray the condition of affairs of which we complain than the rather naïve testimony of defendant's witness Prising. He states quite clearly—and all the more convincingly because the statement elicited was evidently not expected or desired by defendant's counsel—that he, an experienced dealer in cigarettes, when getting a call for "Isabela" cigarettes in the distant but well-remembered past of a couple of months before, knew that the buyer of necessity desired one of the three sizes of the "Isabela" cigarettes of plaintiff's manufacture, and no other, and this notwithstanding the fact that Olson & Co. (Exhibits 10 and 14), La Yebana Company (Exhibit 10), the Alhambra, etc., Company, defendant herein (Exhibits 11 and 13), and La Insular (Exhibit 12) had for years been advertising their cigarettes as made from the "choicest Isabela leaf," using the word Isabela properly and lawfully to indicate the source of the material used in their products, but not as a brand name. No honest advertising, no matter how extensive, regarding the place in which the tobacco was grown, had led or could have led to any confusion, but as soon as defendant commenced to infringe plaintiff's rights by using the word "Isabelas" as a *name* for cigarettes, confusion resulted—as it was, no doubt, expected—and most earnestly desired—would be the case. Now when a man asks Mr. Prising for an "Isabela" cigarette he is given the "Alhambra Isabela." The honest dealer is careful to refrain from inquiring whether the buyer really desires an Alhambra product, or expected to get and supposes he is getting, the same cigarette he has been buying for years before under that name.

This clearly exemplifies the truth of the statement that the principal difference between a trade-mark and a trade

name is that the former appeals to the eye while the latter appeals to the ear. The Court will take judicial cognizence of the fact, demonstrated by the official census of the Philippines, that illiteracy is exceedingly prevalent there. The ignorant consumer who calls for an Isabela cigarette, meaning and expecting to get the same brand which he has been buying, perhaps for years, under that name, may be utterly unable to read the statement on the package that the cigarette he is getting is made by a different concern. The dealer tells him a half truth by saying: "This is an 'Isabela' cigarette." Of course, he does not take the trouble to say: "This is not the 'Isabela cigarette' you have been in the habit of buying, but another, made by a different concern." He trusts that the buyer may not notice the difference—just as Mr. Prising does. The plaintiff loses a sale, and defendant makes one. The purpose of the adoption of that particular name is accomplished—and we are told by the lower court that the law is powerless to grant relief!

POINT EIGHT

THE RIGHT TO USE THE TRADE NAME "LA FLOR DE LA ISABELA" WAS LAWFULLY CONFERRED UPON PLAINTIFF BY THE SPANISH GOVERNOR GENERAL OF THE PHILIPPINES IN 1887, AND WAS A VALID AND SUBSISTING PROPERTY RIGHT AT THE TIME OF THE RATIFICATION OF THE TREATY OF PARIS.

The validity of the grant to plaintiffs of the right to the exclusive use of the phrase "La Flor de la Isabela" as a trade name, for its cigarette manufacturing business, contained in the "Certificate of Ownership" (Exhibit A, Rec., p. 50) issued by the Spanish Governor General of the Philippines in 1887, was assailed in the court below upon the theory that as the word "Isabela," which is one of the component parts of the phrase, is in one of its senses a geographical name, the Governor General's grant was *ultra vires* and void.

This contention was upheld by the Philippine Supreme Court in the decision from which we have appealed. On this point that Court (Rec., p. 70) says:

> There is another ground on which plaintiff would fail in his action. If it should appear in the case that the word "Isabela" was a word which at the time of its adoption by plaintiff, and at all times since, was the name of the geographical place of production or origin or was ordinarily or generally used as the name, quality or description of the merchandise to which it is related, plaintiff would fail, as such name would not be capable of being registered as a trade name (Sections 2 and 13), and could not, for that reason, be appropriated by plaintiff as such. That being so no action for a violation thereof could be maintained, as none is granted by the statute in such case (Sections 3, 5 and 7).

The fundamental error in this line of reasoning, as we shall have occasion to demonstrate (*post.*, p. 55) is the

assumption that plaintiff's right to the use of the name in question is to be measured and determined by the rules established in 1903, by Act 666 of the Philippine Commission, with respect to the conditions upon which rights in trade-marks and trade names *thereafter adopted* might be acquired.

The court then goes on to say (Rec., p. 74):

> The law as it now stands and has stood since the Royal Decree of 1888 prohibits the use of a geographical name as a trade name. * * * We do not believe that the word "Isabela" can be appropriated or could be appropriated at the time that plaintiff claimed that it began to use that word as descriptive of its products. The Royal Decree of 1888 prohibited the use of a geographical name as a trade-mark or trade name and that Decree was in force before the use of the word "Isabela" began, even under plaintiff's claim.

The citation last quoted is erroneous in several distinct and important particulars, namely:

1. The court below is wholly in error in its statement that the Royal Decree of 1888 was in force before the use of the word "Isabela" began as an abbreviation of the full text of plaintiff's registered trade name.

Testimony of Plaintiff's Witness Antonio Malvehey (Rec., pp. 20–29).

This witness, who is the Secretary of the plaintiff corporation, testified that plaintiff's business had been established in the Philippine Isalnds since the year 1882 (Rec., p. 20); he testified, wholly without contradiction, that the cigar and cigarette factory of the plaintiff corporation had been established under the name of "La Flor de la Isabela" over twenty-seven years before the time at which he gave his testimony (Rec., p. 20). The Manila *Gazette* of January 1, 1883, contains a proclamation by Governor

General Primo de Rivera in which he states that the plaintiff herein, La Compañía General de Tabacos de Filipinas, had taken over the Government tobacco business theretofore operated as a government monopoly, as of January 1st, 1883.

Gaceta de Manila, p. 1, Vol. of 1883. Library of Congress.

The witness, Mr. Malvehey, further testified (Rec., p. 23) that the "Isabela Cortos" brand of cigarettes was the first cigarrette manufactured by the company; that it has been manufacturing them ever since it commenced operations; that these cigarettes have always been known by that name; that they have never been known by any other name; that that name has been continuously published in plaintiff's price list (Rec., p. 23).

The testimony of plaintiff's witness, Faustino Perez (Rec., p. 27).

This witness was and has been from the commencement of plaintiff's tobacco business in charge of its sales department (Rec., p. 27). He testified positively that he had been selling "Isabela" cigarettes for *over twenty-six years;* that they have been continuously on sale and in the *same form of package* (Rec., p. 28).

The testimony of these witnesses is absolutely uncontradicted and proves conclusively that the phrase "La Flor de la Isabela" and its contracted form "Isabela" both antedated the Royal Decree of 1888, which was promulgated in the Madrid *Gazette* of November 2, 1888.

Furthermore, the very text of the Certificate of Ownership of the trade name in question (Exhibit A, Rec., p. 50), which bears date April 5, 1887, shows that the existence of plaintiff's factory and its use of the names and marks thereby confirmed to it, andedate the certificate. The language used in regard to the establishment of the

factory and the possession of the trade names by plaintiff is in the past tense.

2. The court below is wholly in error in its statement that the Royal Decree of 1888 prohibited the use of geographical names as trade names or trade-marks. No such prohibition is contained in the Royal Decree of 1888 or in the Regulation of January 4, 1884, in force when the Certificate of Ownership (Exhibit A) was granted to plaintiff.

The evidence shows conclusively that the use of the trade name and its abbreviated form, as well as official confirmation of title to the name, antedated by over a year and a half the promulgation of the Royal Decree of 1888, from which time it took effect (Spanish Civil Code, Article One). Consequently, the validity of plaintiff's claim is to be determined by the law in force when the use began and the grant was made. This was the Decree or Regulation of January 4, 1884, the full text of which will be found in the Manila *Gazette* of January 20, 1886, in the Library of Congress.

(*a*) THE REGULATION OF 1884 DID NOT PROHIBIT THE USE OF GEOGRAPHICAL NAMES.

Under date of January 4, 1884, the Governor General of the Philippine Islands promulgated a legislative order, designated as a Regulation, in which rules are established regarding the use of trade-marks, the procedure by which authority to use them was to be obtained, and the legal effect of the Certificates of Ownership to be issued by the Philippine administrative officials upon the authority conferred by the Regulation. This Regulation was in force in 1887, when the Certificate of Ownership (Exhibit A) under which the plaintiff claims in this case was issued by the Governor General. The first section of the Regulation contains a definition of the term "trade-mark" in the following language:

Section 1.—Factory marks, trade-marks and agricultural marks are the names of manufacturers, merchants, and farmers, or companies formed by them; denominations, emblems, shields, reliefs, letters, numbers, containers, coverings, signs, whatever may be their kind or form, which serve to enable manufacturers or farmers or companies formed by them, to identify their products or merchandise that they may know them and distinguish them, without confusing them with others.

The Court will note that this definition expressly includes *names* and *denominations* in the definition of the term "trade-mark."

Section five of the Regulation contains an enumeration of the words, signs and devices which may not be adopted as trade-marks. This section reads as follows:

A manufacturer, merchant, farmer or tradesman of any other class may adopt for the products of his factory, business or farm any distinctive he may select, with the exception of the following:

1. The national arms and Spanish insignia and decorations, unless properly authorized to do so.

2. The shields, insignia, crests and mottoes of foreign nations and states, without the express consent of the respective governments.

3. The names generally used in trade to designate classes of merchandise.

4. Drawings offensive to public morals, and caricatures which tend to hold up to ridicule ideas, persons, or things worthy of respect.

5. Distinctives for which others have previously obtained a trade-mark certificate as applied to the same class of products, merchandise, or things, until such certificate shall have been cancelled in accordance with the terms of this decree.

6. Distinctives which by reason of their similarity to others formerly granted tend to induce error or cause confusion.

7. Those referring to any religious cult, when from the general appearance of the mark it appears that it

was intended to hold such form of worship up to scorn, contumely or contempt, or the same result may follow, even if not intended.

8. Portraits of living persons, unless their consent has been obtained, or of persons deceased, if their relatives within the fourth civil degree object to the use.

Section twelve of the Regulation provides that persons to whom Certificates of Ownership are granted in accordance with its terms shall be authorized to institute criminal proceedings against persons guilty of using—

marks which may be mistaken for the lawful ones,

and to maintain a suit for damages against such infringers.

Section fifteen reads as follows:

> Property in certificates of marks, designs and medals shall be considered in the same manner as personal property of all other kinds with respect to its transmission, prescription, and other legal effects.

The Regulation enumerates the grounds upon which certificates of ownership may be cancelled by the Colonial Minister (Article 19); establishes the procedure to be followed in proceedings for the cancellation of marks (Article 20); declares that the ownership of the mark is conferred by the issuance of the certificate and compliance with the requirements of the Regulations; and designates the administrative officers to whom petitions for certificates of ownership of marks are to be addressed and by whom they are to be granted or denied.

A careful perusal of the full text of the Regulation, which is printed in the Manila *Gazette* of January 20, 1886, and in Volume 1 of the "Compilación Legislativa de Ultramar," both of which are to be found in the Library of Congress, will fail to disclose a single word which by any possibility can be construed as indicating that the

use of geographical words was prohibited, either in their primary or their secondary sense.

The Regulation of January 4, 1884, continued to govern the subject of trade-marks in the Philippine Islands until 1888. Under date of October 26th of that year, the King of Spain, at the instance of the Colonial Minister, promulgated a Royal Decree covering the same subject and repealing the Governor General's Regualtion of 1884. To all intents and purposes the Royal Decree of 1888 is simply a reenactment of the Regulation of 1884 and was probably promulgated to settle any doubts which might have existed with respect to the authority of the Governor General of the Philippine Islands to issue a legislative decree of the character of the Regulation in question.

(*b*) THE ROYAL DECREE OF 1888 EXPRESSLY CONFIRMED TITLES TO TRADE-MARKS GRANTED UNDER THE REGULATION OF 1884.

Section 7 of the Royal Decree of October 26, 1888, reads as follows:

> In order to enjoy the ownership of a mark, design, or model it shall be necessary to have acquired it in strict accordance with the provisions of this Decree, or those of the Regulation of January 4, 1884.
>
> Madrid *Gazette* of November 2, 1888.

(*c*) THE ROYAL DECREE OF 1888 DID NOT PROHIBIT THE USE OF GEOGRAPHICAL NAMES AS TRADE NAMES OR TRADE-MARKS.

Section 5 of the Royal Decree of 1888 is a literal transcription of Section 5 of the Regulation of 1884, which we have set out in full above.

Madrid *Gazette* of November 2, 1888.

This is the only article of the Royal Decree of 1888 which deals with the subject of appropriable marks or

devices, and it is obvious that not a word in it can be construed as amounting to a prohibition, either retroactive or prospective, of the use of geographical names for that purpose. On the contrary, the legislature having defined lawful marks and devices by an enumeration of that which is prohibited (Sec. 5, Regulation of 1884; Sec. 5, Royal Decree of 1888) this must be construed as the equivalent of an express authorization to use any and all marks or devices not falling within that enumeration. *Expressio unius est exclusio alterius.*

The Court will recall that by Section 14 of Act 666 of the Philippine Commission "certificates of registration of trade-marks and trade names" issued by the Spanish authorities of the Philippines, are declared to be *conclusive* evidence of ownership, provided they are "unannulled under the Royal Decree of eighteen hundred and eighty eight." This reference is, no doubt, to the provisions of Section 18 of the Royal Decree cited, which authorized the Spanish Colonial Minister to cancel certificates of ownership in certain enumerated cases, such as abandonment of use of the mark or device for over a year, or the dissolution of the corporation to which the certificate was granted. By its terms the cancellation required affirmative action on the part of the Government. The evidence in this case (Test. of Mulvahey, Rec., p. 21) shows without contradiction that the certificate of ownership under which plaintiff claims has never been cancelled.

It is of interest to note, as showing the policy of the Spanish legislature, that the Trade-mark Law of May 16, 1902, now in force in the Peninsula, the full text of which will be found in the Appendix for 1902 of Alcubilla's "Diccionario de la Administración Española," in the Library of Congress, contains no prohibition against the use of geographical names. The enumeration in that Act of prohibited marks and names is an almost literal

reproduction of Art. 5 of the Philippine "Reglamento" of 1884, with the addition of a clause forbidding the use of the Red Cross insignia as trade-marks.

(*d*) THE SPANISH GOVERNMENT ITSELF USED GEOGRAPHICAL NAMES AS TRADE-MARKS AND TRADE NAMES.

It is a matter of history, of which the Court will take judicial notice, that the tobacco industry in the Philippine Islands was a government monopoly from 1778 up to the year 1881, when by Royal Decree the monopoly was ended.

> Alcázar, Historia de los Dominios Españoles de Oceanía, p. 463.
> Jernegan, Short History of the Philippines, p. 208.
> Madrid *Gazette* of July 26, 1881.

The government tobacco business, as a going concern, was sold to plaintiff.

> Proclamation of Governor General Primo de Rivera, Manila *Gazette* of January 1st, 1883.

Among the marks used by the government and transferred to plaintiff were the marks "Cavite," "Malabon," and "Meisic" (Decision, Rec., p. 73) every one of which is a geographical name. For years prior to the abolition of the government monopoly the products of the tobacco factories of the Philippine Government were advertised for sale under these names in the Manila *Gazette*.

The Spanish law is noticed judicially by the Court and like notice will be taken of matters of Philippine History and of official action taken during the Spanish régime in the Philippines and recorded in the official journal, the *Gaceta de Manila*.

> Ponce *v.* Roman Catholic Church, 210 U. S., 296, p. 309.

We respectfully submit, therefore, that the Certificate of Ownership (Exhibit A, Rec., p. 50) conferred upon plaintiff a valid right to the exclusive use of the disputed phrase, and also, as we shall proceed to demonstrate, (*post.*, p. 74) to its essential and characteristic component parts. That such a right is *property* under our law is not open to question (Trade-mark Cases, 100 U. S., 92, cited *ante*, p. 11).

The Spanish law is even more emphatic than our own in its recognition of trade-marks and trade names as *property*.

> * * * trade-marks and trade names constitute an industrial property as legitimate and as worthy of respect as any other form of property known to the law.
>
> Marx *v.* Alvarez & Co., Decisions Supreme Court of Spain, Vol. 61, Jurisprudencia Civil, 742.

Sec. 15 of the Regulation of January 4th, 1884, under which the Certificate of Ownership (Exhibit A) of the trade name in question was granted plaintiff, declares that such certificates—

> shall be considerred in the same manner as personal property of all other kinds with respect to its transmission, prescription and other legal effects.

As pointed out by Marafy in his monumental compilation of the trade-mark laws of the world, the recognition of such property as standing on an equal footing with all other classes of personal property permits its sale *in gross*. He says on this point, with respect to the Spanish law:

> A Royal Order of April 11, 1858, having decided that the ownership of factory marks is assimilated to that of personal property, it follows that the trademark may be transferred independently of the business.

Marafy, International Dictionary of Industrial Property, Vol. 3., p. 596.

This demonstrates that under the Spanish law by which plaintiff's rights were governed at the time of the ratification of the Treaty of Paris such property as this was even more valuable than similar property under our own law, which does not recognize the right of ownership in the name or symbol except as appurtenant to the business to which it applies, and will not permit it to be alienated *in gross*.

POINT NINE

THE PROPERTY RIGHT CREATED BY THE CERTIFICATE OF OWNERSHIP OF PLAINTIFF'S TRADE NAME WAS AND IS PROTECTED BY THE TREATY OF PARIS.

Article 8 of the Treaty of Paris expressly provides that the relinquishment of Spain's sovereignty over the Philippines shall not impair—

> the property, or the rights which by law belong to the peaceful possession of property of all kinds * * * of private individuals, of whatsoever nationality such individuals may be.

We have had occasion to show, in our argument in support of Point Seven (d) (*ante*, p. 50) that trade-marks and trade names were recognized and protected under the law of Spain as property rights of high order. Any decision which refuses to accord to such rights the same degree of protection to which they were entitled under the Spanish law, whether it be based upon an erroneous assumption as to the statutory expression of that law or a retroactive application of subsequently enacted statutes of our own, of necessity amounts to an impairment of such rights, contrary to the undertaking of the Treaty of Paris, the obligation of which is not only legal but moral. No one can doubt, after reading the decision of the Spanish Supreme Court in the case of Marx *v.* Alvarez & Co. (*post.*, p. 76), what its decision would have been in this case had it now the power judicially to enforce respect for the rights created by the statutes of Spain in the countries formerly subject to her control. Anything less than that same degree of protection must be and is an impairment of the right asserted.

POINT TEN

THE TRADE-MARK ACT OF THE PHILIPPINE COMMISSION (ACT 666) EXPRESSLY RECOGNIZES THE VALIDITY OF TRADE NAMES ACQUIRED DURING THE SPANISH REGIME.

Section 14 of Act 666 of the Philippine Commission expressly provides that—

> certificates of registration of trade marks * * * under the Spanish sovereignty in these Islands, unannulled under the Royal Decree of eighteen hundred and eighty-eight, shall be conclusive evidence of the exclusive right of ownership of such * * * trade names in respect to the * * * business * * * to which they by the terms of the registration apply.

Section 5 of the same Act declares that trade names shall—

> be as fully protected as property in a trade-mark by the civil remedies provided in Section 3 of this Act for the protection of property in trade-marks.

As this protection is not limited to trade names *acquired* under the Act it must be construed as including those trade names acquired under Spanish sovereignty recognized by Section 14. Property in trade marks is, by the terms of Section 3, accorded protection—

> in the same manner and to the same extent as are other property rights known to the law.

In view of the express declaration of Section 14 of Act 666 construed in the light of Sections 3 and 5 (*post*, p. 56), we are at a loss to determine by what process of reasoning the court below could have arrived at the conclusion that the validity of plaintiff's trade name, and its legal effects, are to be measured by Act 666, as though it had been acquired under that Act. Yet that is distinctly what the Court held, for it says (Rec., p. 68):

> It must be borne in mind, as we stated at the outset, that the only rights existing in this jurisdiction with respect to trade-marks and trade names, as well as unfair competition, are *conferred* by Act 666; and accordingly they are limited by the provisions of the Act.

Again, the Court says:

> The action being based entirely on the theory of secondary meaning and the *statute* giving no right of action in cases of that character, it is evident that the action cannot be maintained.

The assumption is that prior to the enactment of Act 666 trade-marks and trade names in use in the Philippines, even though registered under the Spanish law, were entitled to no protection after the fall of the Spanish power—that between the ratification of the Treaty of Paris and the enactment of Act 666 there was a legal void, during which trade-mark and trade-name property rights might be invaded with impunity, although *all* property rights were guaranteed protection by the Treaty. Amazing as this conclusion sounds, what other meaning can be given to the statement that no rights to trade names in the Philippines exist in the Philippines except as "*conferred*" by Act 666?

We believe this statement to be fundamentally erroneous. We believe that before the enactment of Act 666 the owners of all trade-marks or trade names lawfully acquired and registered before the change of sovereignty enjoyed the same rights in respect to them as during the Spanish régime. During the military régime the civil courts were empowered to administer justice, in all places in the Philippines in the peaceful possession of the United States, according to the general law, substantive and adjective, existing at the time of the American occupation. The interdicts authorized by the Spanish procedure were

amply sufficient to meet the requirements of the case. The Penal Code furnished ample means for the punishment of infringers. After the reorganization of the courts under Act 136, passed long before Act 666, the power to grant injunctive relief, as at present exercised, was expressly conferred by the legislature (Act 190, Secs. 162 *et seq.*).

Such a declaration as that of which we complain overlooks Section 14 of the Act, and, if permitted to stand, would make it meaningless. Under the Act the right to trade-marks and trade names (Sec. 2 and 5) is derived from their *appropriation*—registration is not necessary, and merely creates a *presumption* (Sec. 15). The right to protection in the enjoyment of trade-marks acquired by appropriation is not limited to those adopted *subsequently* to the passage of the Act, but embraces those "heretofore * * * appropriated" (Sec. 3). But as to trade-marks the right to which depends solely upon *appropriation*, even if adopted before the passage of the Act, they appear to be subject to the limitations of Art. 2 as to what may be so appropriated. This was intended, no doubt, to make provision for the many trade-marks and trade names which had come into use during the period between the cessation of Spanish sovereignty and the passage of Act 666. During that period it had been impossible to register new marks because the change in the political organization had done away with the officers empowered to administer the old law and had designated no others to take their place.

The terms of Secs. 2 and 3 were broad enough to cover all marks "*heretofore*" adopted, whether registered or not, but the protection accorded would have been subject to the proviso of Section 2. Realizing that the policy of the former sovereign might have been different in this regard, the legislature enacted Sec. 14, making the certifi-

cate of registration *conclusive* evidence of ownership. Clearly, unless Sec. 14 was intended to embrace some marks which would not fall within the terms of Sections 2 and 3, it would be mere surplusage. A construction which gives this effect to any part of a statute is to be avoided.

> A statute ought, upon the whole, to be so construed that, if it can be prevented, no clause, sentence, or word shall be superfluous, void or insignificant.
>
> Washington Market Co. *v.* Hoffmann, 101 U.S., 115.

We contend, furthermore, that the effect of Sec. 14 of the Philippine Trade-mark Act was the same with respect to the trade-marks and trade names falling within its purview as was the fourth proviso of Sec. 5 of the Act of Congress of February 20, 1905, with respect to the words and phrases which it, in effect, converted into valid trade-marks and trade names, regardless of their status prior to its enactment. That proviso permitted the registration of "any mark" which had been in use by the applicant or his predecessors as a trade-mark for ten years next preceding the passage of the Act. In the case of Davids Co. *v.* Davids (233 U. S., 461) the Court held that the purpose of Congress was to permit the registration of marks—

> consisting of names of persons, firms or corporations, of terms descriptive of character and quality, or of geographical names or terms. Marks of this sort, notwithstanding the general prohibition, were made registrable when the applicant or his predecessor had used them, actually and exclusively, as trade-marks for the described period * * *. Having the right to register its mark, the complainant was entitled to its protection as a valid trade-mark under the statute. * * *

We contend that the same construction must be given Sec. 14 of the Philippine Trade Mark Act. If it was

intended to afford protection only to such Spanish marks as those which could be acquired by user under the general terms of the Act, Section 14 would have been mere surplusage. It is only by regarding it as operative as a recognition of the validity of marks or names which would otherwise fall within the prohibition of Sec. 2 of Act 666 that it can be given any effect whatever. The language of the statute is that such certificates as that possessed by plaintiff shall be—

> *conclusive* evidence of the *exclusive* right of ownership of such * * * trade names in respect to the * * * business * * * to which they by the terms of the registration apply.

It would be difficult to give more vigorous expression to the legislative intent. The declaration is broad enough to give validity to such certificates as muniments of title regardless of their original legality under the Spanish statutes purporting to authorize their issuance.

It is quite likely that the Commission, in enacting Sec. 14 of its Trade-mark Act, had in mind the instructions contained in Circular No. 12 of the Division of Customs and Insular Affairs of the War Department, issued over the signature of the then Assistant Secretary of War, under date of April 11, 1899, as follows:

> In territory subject to military government by the military forces of the United States * * * the rights of property in patents and trade-marks in the Islands of Cuba, Porto Rico, and the Philippines and other ceded territory to persons under the Spanish laws shall be respected in said territory the same as if such laws were in full force and effect.

This Circular is cited in the opinion of the Supreme Court of the Philippines in the case of Gsell *v.* Yap Jue, 6 Phil. Reps., 146.

POINT ELEVEN

THE ENACTMENT BY THE PHILIPPINE COMMISSION OF ITS TRADE-MARK LAW (ACT 666) COULD NOT DIVEST OR IN ANY MANNER MODIFY PLAINTIFF'S VESTED RIGHT TO THE TRADE NAME GRANTED TO IT BY THE SPANISH GOVERNMENT.

The decision of the Supreme Court of the Philippines proceeds throughout upon the erroneous assumption that plaintiff's rights in respect to its trade name are to be measured by the standard of Act 666 of the Philippine Commission. In so far as the Act is merely declaratory of the pre-existing law it is to that extent applicable. But we contend that in so far as it creates new rules of law as regards, for instance, what devices or words may lawfully be appropriated as a trade-mark, the Act is not to be construed as divesting rights to the use of other words and devices lawfully acquired under the former law. The Court below was therefore clearly wrong in its broad statement (Rec., p. 68) that—

> no trade name can legally exist except that legally prescribed by the Act.

This is at variance with the plain terms of the Act itself, which expressly declares (Sec. 4) that—

> property in trade names shall be as fully protected as property in a trade-mark.

The trade-marks to which the Act (Sec. 3) guarantees protection—

> to the same extent as are other property rights known to the law

are those which have been—

> *heretofore* or hereafter

appropriated. Obviously, trade names appropriated *before*

Act 666 went into effect could not have been "prescribed" by the Act.

The Court then proceeds to establish the conclusion that there is no right under Act 666 to a secondary meaning derived from a trade name, and that therefore plaintiff can assert no legal right to any secondary meaning which may have attached to the trade name in question, notwithstanding the fact that it had existed for seventeen years before Act 666 was passed!

We most earnestly contend that if Act 666 were susceptible of the construction given it by the lower court—which we most earnestly dispute—it would be to that extent void as contrary to the terms not only of the Treaty of Paris, but also to those of the Act of Congress of July 2, 1902 (the Philippines Bill), by which (Sec. 5) all legislation which deprives any person of property without due process of law is denied validity.

POINT TWELVE

THE PHRASE "LA FLOR DE LA ISABELA" IS ONE LAWFULLY SUSCEPTIBLE OF ADOPTION AS A VALID TRADE NAME UNDER THE AMERICAN LAW.

A trade name, as distinguished from a trade-mark, is intended to be descriptive of the manufacturer or dealer, or of his factory. It serves to identify his *business*, just as his own name identifies his person. A trade name, when attached to goods is designed to say plainly what a trade mark only indicates by association and use.

The adoption of a trade name for a business is therefore like the selection of a name for a corporation—its object is to identify the business as a whole with its output as a whole.

A trade-mark being a symbol, phrase, or device to be attached to the wares as a means of designating their source or origin, must be arbitrary, to serve its purpose. A symbol merely indicative of quality or of the place of production fails of its purpose in that it is not distinctive. It is for that reason that the law will not permit the adoption of geographical names as trade-marks when intended merely to indicate the place of manufacture or the origin of the goods.

Columbia Mill Co. *v.* Alcon, 150 U. S., 460.

But although a geographical name may not be adopted as a trade-mark or a trade name in its descriptive or generic sense, it may be lawfully so adopted if used in a merely fanciful or arbitrary sense, and particularly as part of a combination. This is well exemplified in a well considered decision of the Supreme Court of Missouri, in which it was said:

> The plaintiff is a dentist, practicing his profession in the city of St. Louis. His petition states that for

about twelve years past he has kept over the entrance to his place of business a sign bearing the words "New York Dental Rooms" and adds other particulars of fact which are sufficient to vest in him a proprietary right in those words as descriptive of the place where his business is carried on, if the words themselves are capable of being held in such a right. * * * The grounds of objection chiefly relied upon seem to be that the words "New York" being a mere geographical designation, and the word "Dental" only a generic term of description applicable to a business or occupation, there can be no proprietary right in either, and no infringement in the use of them by a person other than the plaintiff. * * * To say that a geographical name can never be used as a trade-mark states the rule far too broadly. When such a name is employed in connection with the place of manufacture or production, no person manufacturing or producing at that place can monopolize it against other persons manufacturing or producing at the same place. * * * There is yet another class of cases in which proprietary rights may be acquired in a geographical name. This occurs when the name is used not for the purpose of indicating a particular locality as in any way connected with the business, but only as a fancy designation, adopted for the sole purpose of distinguishing the factory, or its business, or the particular persons engaged therein, from all other institutions or persons identified with the same pursuit.

Sanders *v.* Utt, 16 Mo. App., 322.

See also—

Sebastian Trade-marks, 73.
Hiram Walker & Sons *v.* Heckstaeder, 85 Fed., 776.

A good example of the lawful incorporation of a geographical name into a phrase constituting a trade name is to be found in the case of Brooklyn White Lead Co. *v.* Masury, 25 Barbour's Reports, 417. Plaintiff and defen-

dant were both manufacturers of white lead, their places of business both being situated in Brooklyn. Defendant for a long time, had manufactured his product under the name of "Brooklyn White Lead." This the Court held that he was entitled to do equally with plaintiff, but on the other hand decided that he had not the right to adopt the trade name of "Brooklyn White Lead and Zinc Company" because by so doing he was in effect endeavoring to appropriate a part of plaintiff's good will.

In Metcalfe *v.* Brand, 18 Ky., 331, the Court said:

> The name of the place where it [a manufactured aritcle] is made serves in no way to indicate its quality or composition; and where the manufacturer has given it a geographical name which he was the first to use in connection with the article, it seems to us that it may from long use in such connection acquire a secondary meaning and instead of designating the place where the article is made, indicate its origin or that it is the product of a particular manufacturer or made according to his methods. When this is the case it becomes according to our opinion a valid trade-mark.

In the case of W. R. Lynn Shoe Co. *v.* Auburn-Lynn Shoe Co., 100 Me., 461, decided in 1905, the evidence established the fact that the plaintiff, a concern engaged in the manufacture of shoes at Auburn, Maine, had adopted and used as its trade-mark and trade name the phrase "Auburn-Lynn Shoes." Auburn was the name of the town in which the business was located and Lynn the name of the principal stockholder and manager of the company. The defendant company was organized to engage in the same business at the same place, one of its members being a man called Lynn. The new corporation adopted and commenced to use a trade mark consisting of the phrase "Auburn-Lynn Shoe Company." Plaintiff sued to restrain the use of this trade-mark and the injunc-

tion was granted by the lower Court. In disposing of the appeal the Court said:

> It is contended in behalf of the defendant company that, as the word "Auburn" in the plaintiff's trade name indicated the place of manufacture, and the word "Lynn" signified the name of the manufacturer, the phrase "Auburn-Lynn Shoes" could not become the subject of an exclusive property right of the plaintiff, and was therefore incapable of being a valid trade-mark. But this contention cannot be sustained. * * * The general common-law proposition, upon which all the Courts unite, is that any words, letters, figures, marks, or devices, or combination of any of these, affixed to a commercial article and used primarily to indicate the origin or ownership of it, either by its own meaning or by association with the article, and not employed merely as descriptive of such article to designate its quality or ingredient only, or solely as a geographical name without any secondary signification, must be recognized as a valid trade-mark. * * * But while it is undoubtedly the general rule that a geographical name, when used alone and affixed to a manufactured article for the purpose of designating the place of its manufacture, or the address of the manufacturer, cannot be appropriated as a trade-mark, it has been held in numerous well-considered cases that a geographical name which has long been used to indicate a particular manufactured article may acquire a secondary meaning as the designation of a particular class of such articles, or the product of a particular manufacturer, and thus either become entitled to protection against infringement as a valid trade-mark, or serve as a basis of a proceeding to prevent unfair competition. In American Waltham Watch Co. *v.* United States Watch Co., 173 Mass., 85, 43 L. R. A., 826, 73 Am. St. Rep., 263, 53 N. E., 141, it was held that, while the name "Waltham" on watches was originally used in a geographical sense, by long use in connection with the plaintiff's watches, it had acquired a secondary meaning as a designation of the

watches which the public had become accustomed to associate with the name. In Montgomery *v.* Thompson (1891), A. C., 217, it was decided by the House of Lords that the term "Stone Ale," which had been applied to a particular quality of beer manufactured by the defendants at the town of Stone, was entitled to the protection of the Court, and the plaintiff was enjoined from selling any ale not manufactured by the defendants under the name of "Stone Ale." In Wotherspoon *v.* Currie, L. R., 5, H. L., 508, it was held that the word "Glenfield," as applied to starch, had acquired a secondary meaning, and indicated to the public the starch was made by the appellants. *See also* Reddaway *v.* Banham (1896) A. C., 199; Carlsbad *v.* Kutnow, 18 C. C. A., 24, 35 U. S. App., 750, 71 Fed., 167; Viano *v.* Baccigalupo, 183 Mass., 160, 67 N. E., 641; Metcalfe *v.* Brand, 86 Ky., 331, 9 Am. St. Rep., 282, 5 S. W., 773; Paul, Trade-marks, Section 59, and cases cited.

In the case of American Waltham Watch Co. *v.* United States Watch Co., 173 Mass., 85, the defendant was enjoined from using the word "Waltham" on its watches except in connection with other words to show that its watches were not those manufactured by the plaintiff, which had first established itself at Waltham. The evidence showed that from long use the word "Waltham" had acquired a secondary meaning and to producers of watches meant the products of plaintiff's factory. Mr. Justice Holmes, writing the opinion of the Court by which the injunction was sustained, said:

> The name of a person may become so associated with his goods that one of the same name coming into the business later will not be allowed to use even his own name without distinguishing his wares * * * and so, we doubt not, may a geographical name acquire similar association with a similar effect.

The circumstances of the Waltham case are in some important respects strikingly similar to those of the case

at bar. The particular name originally adopted by plaintiff was a phrase of which the word "Waltham" was but one of the component parts, but by a natural process of abbreviation *one* of these words had come to represent in the public mind the business of plaintiff and to identify its product, just as in this case one only of the words composing plaintiff's trade name has come to be used in place of the whole. It is to be noted, however, that in our case the geographical word which forms part of the whole name and which has come to be used as its abbreviation, was selected in a purely arbitrary way, in that it represents neither the place where plaintiff's business is located nor the place of the origin of the material used in the manufacture of its wares, whereas in the Waltham case it was the designation of the place at which the business was established.

It is also of importance to note, in this connection, that when plaintiff's trade name was adopted the official designation of the province now known as the Province of Isabela was "Nueva Isabela," under which name it is mentioned in the *Gaceta de Manila* in official communications, and that latterly the designation seems to have been changed to "Isabela de Luzon." It is under this name that Sr. Perez Martinez was appointed to the office of Civil Governor of the province, by Royal Decree of January 29, 1898, and it is under this designation that he speaks of his province in his pamphlet, to be seen in the Library of Congress, relating to his experiences there during the Philippine Insurrection. It was not until the Philippine Commission commenced to legislate that the province is referred to officially merely as the province of Isabela.

It is also of importance to note that the word "Isabela" is a common name—the province was in all probability originally named in honor of Queen Isabel II of Spain. It is quite likely that a very large porportion of the users

of plaintiff's cigarettes think of the word "Isabela" in this sense, and not at all as a geographical designation—particularly consumers who make their purchases in the United States.

In the case of Singer Manufacturing Co. *v.* June Manufacturing Company, 163 U. S., 169, it was held that although the word "Singer" had become generic as the designation of the particular kind of sewing machine and that the right to manufacture the machine and to designate it by that name had passed into the public domain by the expiration of plaintiff's patents, these facts would not permit defendant to advertise its wares in such a manner as to create the impression on the part of purchasers that they were the wares of plaintiff's manufacture. The word "Singer" had acquired by long use a double meaning—it indicated a particular kind of sewing machine and it also indicated a machine made by the plaintiff corporation. In its first or generic sense the word was common property, used in its secondary sense as a name by which plaintiff enjoyed the good will of its business, it was not public property and could only be used in such a manner as to avoid an infringement of plaintiff's rights.

In the case of Elgin National Watch Co. *v.* Illinois Watch Case Co., 179 U. S., 665, the Court declined to restrain the use of the word "Elgin" because it appeared that it was used simply to indicate the place of manufacture and could not, therefore, be a valid trade-mark under the Federal statute upon which the jurisdiction of the Court depended. The Court took occasion to say in the course of its opinion, however, in passing upon the contention that the word "Elgin" had acquired a secondary significance and should not be treated as a merely geographical name:

> It is undoubtedly true that where such a secondary significance has been acquired its use in that sense

> will be protected by restraining the use of the word by others in such a way as to amount to a fraud on the public and on those to whose employment of it the special meaning has become attached.

If the word "Elgin" in the case cited had been adopted as a purely fanciful part of the trade name, having no relation to the place of plaintiff's business, it is believed that the result would have been different. In the case at bar the legal title of plaintiff to the trade name in question is, we believe, beyond dispute.

An interesting collection of cases in which a geographical name used in an arbitraty or fanciful sense had been held to constitute a valid trade name will be found in the note to the Elgin Watch Case on page 370 of Vol. 45 of the Lawyers' Edition, of the decision of the Supreme Court of the United States.

In the case of La Republique Française *v.* Saratoga Vichy Springs Co., 191 U. S., p. 435, the Court said:

> True, the word is geographical; but geographical names often acquire a secondary significance indicative not only of the place of manufacture or production but of the name of the manufacturer or producer and the excellence of the things manufactured or produced, which enables the owner to assert an exclusive right to such name as against every one not doing business within the same geographical limits; and even as against them, if the name be used fraudulently for the purpose of misleading buyers as to the actual origin of the thing produced or of the products of one business as those of another.

It is evident that the word "Isabela" as used in plaintiff's trade name "La Flor de la Isabela" to designate and identify its factory is purely fanciful and arbitrary. As stated in the "Certificate of Ownership" (Exhibit A, Rec., p. 50) the trade name is used by—

> the said corporation * * * to distinguish the products of the cigar and cigarette factory established by it in this city [Manila].

Manila is several hundred miles away from the province now known as Isabela, so it is evident that the word "Isabela" is used in the phrase as in no sense descriptive of locality. Nor does it in any sense indicate the quality of the products of the factory. The phrase, translated, is simply "The Flower of La Isabela." The learned justice who wrote the opinion of the Court below is in error in his deduction that it means "The finest tobacco grown in Isabela Province" (Rec., p. 70). There is no evidence on the subject, and the statement is a pure assumption that the word "flor," which is simply the Spanish word for "flower," means "The best tobacco grown in." The translation is so "free" that it is entirely severed from any connection whatever with the original. It must be remembered that this phrase is the *name* of a factory. Spanish-speaking people delight in fanciful designations for their businesses, as anyone who has traveled in Spain or Spanish America must have observed. There is nothing unusual in such names as "La Puerta del Sol" (The Gateway of the Sun), "La Estrella del Norte" (The North Star), on factories or stores, but such a *name* as "The best tobacco grown in the Province of Isabela" as a designation for a factory would certainly be unique, and as impossibly ludicrous to the ear of a Spaniard as it is to us.

The decision of the Supreme Court of Spain cited below (Marx *v.* Alvarez, Vol. 61 Jurisprudencia Civil, p. 742; Decision of May 5, 1887) (*post.*, p. 76) is aptly illustrative of this point. The phrase protected and upheld there was "La Flor de Daniel Webster." The "free" translation of the words "La Flor" tacked on to the rest of the phrase would fit as well in that case as in this.

The trial judge said on this point (Rec., p. 63):

> We do not think that in the present case the name "Isabela" as applied to plaintiff's cigarettes has in reality much to do with the name, quality or description of the cigarette so named or of the place of its production * * * it is evident that in speaking of "Isabela Cortos" or "Isabela Largos" direct reference is not had to the Province of Isabela.

In its decision (Rec., p. 75) the lower court cites the case of Baxter *v.* Zuazua, 5 Phil. Reps., 160, as being "decisive of the main issues presented in this case." This action was brought by plaintiffs, claiming to be the owners of the trade name "Agua de Kananga," used to identify products of their perfumery distillery, to restrain the defendant from using the word "Kananga" in the same territory—the Philippines—for the same purpose. The trial court found that the word "kananga" was the name of a flowering tree common in the Philippine Islands, and therefore not appropriable under the Royal Decree of 1888, under which plaintiffs claimed, or under Act 666 of the Philippine Commission. The Supreme Court of the Philippines upheld this ruling, saying:

> This finding has not been disputed by plaintiffs. * * * It is apparent, therefore, that the word could not be used exclusively as a trade-mark, any more than could the words "sugar," "tobacco" or "coffee." The law is clear and conclusive upon the subject. "A designation, or part of a designation," says Section 2 of Act 666, "which relates only to the name, quality, or description of merchandise * * * cannot be the subject of a trade-mark." This provision is in conformity with paragraph 3 of Art. 5 of the Royal Decree of the 20th of October, 1888, under which Guillermo Baxter secured the registration of this trade-mark. The said Royal Decree provided that the designation generally used in commerce for the purpose of designating a class of goods could not be the subject of labels or trade-marks.

While this decision might be criticised on the ground that it fails to give effect to the declaration of Art. 14 of Act 666 that certificates of ownership issued under the old law shall be regarded as conclusive evidence of the marks to which they relate, it is clearly not in point in the present case. No question of secondary meaning was presented or considered. "Kananga water," as the name of perfumery distilled from the kananga flower, is descriptive in just the same sense that rose water, or wheat flour, are descriptive. It is, as the court says, nothing but the name generally used in trade to designate a class of goods. The evidence in this case, on the contrary, shows positively and without dispute that the word "Isabelas" standing alone does not designate any class of goods other than the cigarettes manufactured by this plaintiff. "Isabelas" as used by plaintiff for the past thirty years, and as defendant has commenced to use it, is a *noun*. As used in its geographical sense to designate the origin of the tobacco grown in a certain region of Luzon it is always used as an adjective. (Exhibit 7, Rec., p. 58; Exhibit 8, Rec., p. 58; Exhibit 11, Rec., p. 59; Exhibit 13, Rec., p. 59.) The expressions used are, "finest selected Isabela leaf," or "best Isabela leaf," or "picked Isabela tobacco"—the record does not disclose a single instance in which the word "Isabela" or "Isabelas" standing alone is used to designate tobacco of any grade whatever. As defendant's witness Prising explained (Rec., p. 36), before defendant commenced putting its cigarettes out under the name "Isabelas"—

> * * * if a man came up and asked for Isabelas we would ask whether he wanted Isabela Cortos or Largos.

That is, to the witness, an experienced dealer, such a call was not regarded as a request for any particular *tobacco*, but meant that the customer desired one or the other of the sizes in which plaintiff's cigarettes of that name were made.

POINT THIRTEEN

TRADE NAMES CONSISTING OF GEOGRAPHICAL WORDS WHICH HAVE ACQUIRED A SECONDARY MEANING ARE TO BE ACCORDED THE SAME PROTECTION AS SUCH WORDS WHEN INCORPORATED INTO A TRADE-MARK.

Sec. 5 of Act 666 of the Philippine Commission declares that trade names shall—

> be as fully protected as property in a trade-mark by the civil remedies provided in Section 3 of this Act for the protection of property in trade-marks.

Notwithstanding this express assimilation of *trade names* to *trade-marks*, and the declaration that both are to enjoy the same protection as "other property rights known to the law," the court below reaches the conclusion that, although with respect to *trade-marks* the law gives a right—

> which is, in many aspects, the equivalent of that springing from the doctrine of secondary meaning (Rec. p. 65);

nevertheless because the statute does not say in so many words that the owner of a trade name is entitled to protection against infringement of the secondary meaning of such names, no such right exists.

> The action being based entirely on the theory of secondary meaning, and the statute giving no right of action in cases of that character, it is evident that the action cannot be maintained. * * * (Rec., p. 69.)

We contend, on the contrary, that the right to the trade name as a whole being indisputable, as a right created by the Spanish law prior to the change of sovereignty, guaranteed by the Treaty of Paris, secured by Congress against legislative impairment by Section 5 of the Philippine

Bill and expressly recognized by Section 14 of the Philippine Trade-mark Act, its possession carries with it all the incidents essential to its complete enjoyment, and that this would be equally true had the name been adopted after Act 666 took effect.

POINT FOURTEEN

THE ACQUISITION OF AN EXCLUSIVE RIGHT TO THE USE OF A PHRASE AS A TRADE NAME PROTECTS THE OWNER IN THE ENJOYMENT OF THE ESSENTIAL COMPONENT PARTS OF THE PHRASE WHEN USED AS AN ABBREVIATION THEREOF TO IDENTIFY THE BUSINESS TO WHICH THE TRADE NAME RELATES.

(*a*) UNDER THE SPANISH LAW.

The theory of the colonial Spanish law of trade-marks was that the title to the mark or name was not acquired by the mere act of adoption, which is the theory of our law, but was conferred by the issuance of the certificate. Article 4 of the Governor General's Reglamento of 1884, makes registration compulsory, declares the use of unregistered marks to be unlawful, and expressly denies to users of unregistered marks the right to prosecute infringers. The same principle is carried into Section 7 of the Royal Decree of 1888. Article 12 of the Reglamento, re-enacted as Article 12 of the Royal Decree of 1888, authorizes the holder of a certificate of ownership to prosecute persons using any device or mark—

> which may be confused with the lawful marks.

The leading case on the subject in the Spanish Reports is Marx *v.* Alvarez & Co. (Vol. 61, Jurisprudencia Civil, p. 742), decided May 5, 1887. The case arose in Cuba. The law in force in Cuba at that time was the Royal Decree of November 20, 1850. The only limitation contained in that decree as regards selection of marks is to be found in Article 7 thereof, which reads as follows:

> Manufacturers may adopt for the products of their factories such distinctives as they may consider desirable, solely excepting: (1) The Royal arms, and Spanish insignia and decorations, unless lawfully authorized

to do so. (2) Distinctives for which others have previously obtained certificates of registration.

The Marx case was commenced by a complaint in the Court of First Instance of Havana to restrain the use of plaintiff's trade-mark and trade name, and for damages. Plaintiff was the registered owner of the phrase "La Flor de Daniel Webster" as the trade-mark and trade name of his cigar business. Defendants, who were engaged in the same business, adopted and commenced to use as their trade-mark and trade name the words "Daniel Webster." The mark containing these words was in no other respect similar to plaintiff's mark, the finding of the trial court, as stated in the decision, being that the two marks were—

> * * * completely different, there being no similarity between them, it being impossible to confuse them, either in their general appearance or in their details.

On the strength of this finding of the Court of First Instance the Appellate Court (Audiencia) of Havana held that there was no infringement. On appeal to the Supreme Court of Spain, plaintiff contended that the decision below was erroneous in that it failed to enforce the requirement of the statute that in the selection of distinguishing marks and devices, dealers should refrain from making use of—

> those theretofore registered by others.

Appellant further contended, as stated by the Spanish Supreme Court in its decision, that—

> as buyers pay most attention to the *name* of the brand, which is the most conspicuous and important thing which distinguishes the merchandise, and as Alvarez & Company use in their cigars the name "Daniel Webster" adopted by plaintiff, this unquestionably tends to mislead the buyer.

After stating the facts and the issues of law raised by the appeal, the Supreme Court of Spain said:

> Considering that trade-marks and trade names constitute an industrial property as legitimate and as worthy of respect as any other form of property known to the law; and that the law will not permit the use of such marks in such a manner as to tend to deceive the buyer with respect to the nature of the product, or the imitation of them in such a way that the buyer may be mistaken or mislead by taking such marks for the true ones; and considering that in this case the appellant, Luis Marx, a cigar manufacturer, was in lawful possession of the use of the mark called "La Flor de Daniel Webster" when the firm of Alvarez-Garcia applied for the registration of another mark called only "Daniel Webster"; that the essential feature of the first mark, its most prominent and characteristic feature, that which as a matter of fact constitutes its essential distinctive, and which if used in another mark may lead the buyer into error, is the Christian name and surname of the American jurist used in it, so that the differences as respects stamps, seals, and drawings between the two marks is unimportant; that therefore the decision appealed from, which relies upon these differences of detail as a ground for dismissing the complaint, erroneously interprets the letter and the spirit of the Royal Decree of 1850 extended to Cuba * * * and infringes Article 7 thereof, in accordnace with which manufacturers may not adopt for the products of their factories distinctives which others have registered before * * * we reverse and annul the judgment rendered on November 10, 1885, by the civil branch of the Audiencia of Havana.

It is obvious that the word "Isabela" in our trade name "La Flor de la Isabela" is just as much its "most prominent and characteristic feature" and its "essential distinctive" as were the words "Daniel Webster" in the name "La Flor de Daniel Webster." Just as common use

has condensed our mark to "Isabela," so, no doubt, usage had reduced the Marx trade name to "Daniel Webster." His customers unquestionably called for "Daniel Webster" cigars, just as ours call for "Isabela" cigarettes. Unless the courts were to protect the owners of such trade names in the use and enjoyment not merely of the literal text of the phrase as adopted, but also of the abbreviated equivalent established by public use, the possession of title to such names would be but a barren privilege. Such abbreviations are usually a matter of spontaneous growth, and are in themselves the best evidence of the existence and value of the good will of the business of which the trade name is the badge. An excellent example of this process is afforded by the evidence in this case, which shows (testimony of defendant's witness Olsen, Rec., p. 31) that the plaintiff's somewhat unwieldy corporate name—La Compañía General de Tabacos de Filipinas—has been condensed by the public to the single word "Tabacalera."

See testimony of Mr. Malvehy (Rec., p. 25).

A similar process of attrition has reduced the official designation of the Standard Oil Company of New York to "Standard Oil." In each of these instances the abbreviated form is not a new trade name, or corporate name, as the case may be, but is the popular equivalent of the formal appellation—its commercial synonym. It has value as a business designation only because of its absolute identity, in the public mind, with the name for which it is used, and of which it has become the counterpart.

In another case, decided December 14, 1887, the Supreme Court of Spain carried the principle of protection even further, holding that the plaintiff, the owner of an undertaking establishment, was entitled to enjoin the use by his competitors of the phrase "La Funeraria" without the use of other words to distinguish the business so adver-

tised from that of plaintiff's, although the words mean simply "The Undertaking Establishment." This case goes far beyond any American or English case we know of in protecting trade names, as this particular name is really generic except in so far as the use of the definite article tends to make it specific. The court held that as the word "Funeraria" was the characteristic feature of plaintiff's trade name his competitors would not be permitted to use it as a trade name either alone or with other words added. The court said:

> As the noun-adjective "*funeraria*" is the essence of the title, that which really distinguishes it and makes it characteristic, the use of that same word, with or without the addition of others as the peculiar denomination or emblem of other establishments of the same kind, is an unlawful act which infringes the rights of others and is at variance with that good faith which is the soul of trade.

An excellent statement of the grounds upon which the law protects the enjoyment of trade names and of their importance to their possessors is to be found in the report of the Spanish Minister of Agriculture accompanying his draft of the present Trade-mark Law of Spain of 1902, when introduced into the Spanish Parliament. The Minister said:

> It is a very common belief, but not for that reason any the less erroneous, that "trade name" and "firm name" are two equivalent expressions which mean essentially the same thing, losing sight of the fact that the firm name is a variation of the name properly so called, being the name of the persons who together carry on a business, while on the other hand the trade name is the name of the business itself. From these considerations a fundamental difference arises, which is that the firm name cannot be selected arbitrarily but must conform to the requirements of the Code of Commerce * * * while the trade name may

be selected at will and kept indefinitely; that as it is the designation of the establishment it is the one known to the public, who as a general rule pay but little attention to the firm name.

Alcubilla, "Diccionario de la Administracion Española." Appendix 1902, p. 238.

(*b*) UNDER THE AMERICAN LAW.

In the case of Cohn *v.* Nagle (Mass.) 76 N. E., 276; 2 L. R. A. (n. s.), 964, it appeared from the evidence that the plaintiff had adopted the phrase "Boston Co-operative Association Keystone" as a trade name for cigars manufactured by him, the first three words being indicated by the initials "B. C. A." Defendant, in the same territory, put out a cigar under the name of "Keystone Maid." The trial court found that plaintiff's cigars—

* * * are known to the trade as "Keystone" or "Keystones."

It was held that the defendant's use of the word "Keystone" was an infringement, although he had discarded from his mark the accompanying initials and had added the word "Maid," and notwithstanding the fact that there was no attempt to imitate plaintiff's labels, or the general appearance of his cigars or their containers. Similarly to our case, however, it appeared that dealers were selling defendant's cigars to customers calling for "Keystones," and that such consumers accepted defendant's wares believing them to be plaintiff's. The injunction was upheld upon the ground that—

the plaintiff having this right of property is injured by the defendant's use of the word "Keystone."

As we shall have occasion to demonstrate (*post.*, p. 81) the consequences of an infringement cannot be evaded by the shallow subterfuge of adding a new name to the word

or words which constitute plaintiff's name or mark. If this cannot be done when the whole of the appropriated phrase is incorporated into the piratical variation, upon what principle should an infringer be permitted to accomplish his purpose by selecting one or more of the significant, characteristic words composing the symbol and discarding the others?

In many other particulars the statements of the decision of the court below may be shown to be erroneous. For instance, the statement is made (Rec., p. 70) that—

> * * * there is no contention or claim of any kind that the use of the word "Isabela" is a violation or infringement of the trade name "La Flor de la Isabela." The action is not for the violation of the trade name "La Flor de la Isabela," but for the violation of an entirely different trade name, namely, "Isabela."

The only answer to this statement which is necessary is to ask the court to read the averments of our complaint. Our whole action is based upon the contention that the use of the word "Isabela" is an infringement of the trade name "La Flor de la Isabela," consisting in the wrongful use of an essential constituent part of that name—the most essential part of it, and which has come by long use to stand as the equivalent of the whole.

The court also states, as though this were conclusive of plaintiff's rights, that the evidence shows that we have never used the word "Isabelas" alone on a package as a separate or distinct name. The court has apparently overlooked our Exhibits O. P. and Q. (Rec., p. 56). But even were it true that plaintiff had always used the full text of its trade name, the allegation and proof being that the public and consumers abbreviate it by the use of the word "Isabelas," the fact that we have been unable to prevent this abbreviation should not be taken as a ground

for permitting defendant to avail itself of this public usage as a means for appropriating our good will. This, of course, is but another manifestation of the constantly recurring error of the court—its assumption that there can be no relief against the misuse by a competitor of a trade name unless he copies it verbatim.

POINT FIFTEEN

THE FACT THAT DEFENDANT QUAFIFIES THE WORD "ISABELAS" AS A BRAND NAME FOR ITS CIGARETTES BY THE USE OF ITS FACTORY NAME "ALHAMBRA" DOES NOT MAKE SUCH USE UNOBJECTIONABLE.

The evidence shows (Exhibits 3, 14 and 17) that defendant uses the word "Isabelas" as a brand name for its cigarettes in conjunction with its own factory name, thus "Alhambra Isabelas" or "Alhambra Ysabelas"—the letters "Y" and "I" being used interchangeably in Spanish. The lower court in the appealed decision (Rec., p. 79) holds that this would justify the use of the word "Isabela" by defendant—

> even if plaintiff had proved a right to the exclusive use of the word "Isabela."

This we respectfully submit is a palpable error and is another instance of the failure of the court below to remember that the fundamental distinction between a trade-mark and a trade name is that the former appeals to the *eye* and the latter to the ear. (Fairbank Co. *v.* Luckle, 102 Fed., 331.) Consumers of these cigarettes call for *Isabelas* not for *Tabacalera* Isabelas or *Alhambra* Isabelas (Testimony, Prising, Rec., p. 36).

Defendants object in using this name is to sell its cigarettes when buyers call for "Isabelas"—just as is being done, as testified by defendant's witness Prising (Rec., p. 36). The right conferred by the Spanish Certificate of Ownership (Exhibit A) was and is to prevent the unauthorized use of the whole mark or any component part of it. This is clear from the decision of the Spanish Supreme Court in the case of Marx *v.* Alvarez (61, Jurisprudencia Civil, p. 742) cited (*ante*, p. 76). Furthermore, the certificate of ownership vesting in plaintiff

the absolute ownership of the trade name, it is not necessary, either under the American and the Spanish law to show that defendant is guilty of intentional fraud in its use.

In the case of Cohen v. Nagle (Mass.), 76 N. E., 276; 2 L. R. A. (n. s.), 964, the plaintiff has adopted the phrase "B. C. A. Keystone" as a trade name for cigars manufactured by him, the initials standing for Boston Co-operative Association. The court found that—

> the cigars are known to the trade as "Keystone" or "Keystones."

It was held that the use by defendants of the term "Keystone Maid" as a trade name for cigars in the same territory was an infringement although there was no attempt to imitate the plaintiff's labels or the general appearance of his cigars or thier containers. It did appear, however, just as it does in this case, that dealers sold defendant's cigars to customers calling for "Keystones" in the belief that they were getting plaintiff's wares. The injunction was upheld upon the ground that—

> the plaintiff having this right of property is injured by the defendant's use of the word "Keystones."

In a case decided some time ago in this Court it was said, dealing with a similar attempt to justify the use of a trade name by adding to it the name of the infringer:

> Holt & Company, then, having acquired the exclusive right to the words "La Favorita" as applied to this particular vendible commodity, it is no answer to their action to say that there was no invasion of that right because the name of S. O. Ryder accompanied the brand upon the flour sold by appellants, instead of the name of Holt & Co. This is an aggravation and not a justification for it is openly trading

in the name of another upon the reputation acquired by the device of the true proprietor.

Menendez *v.* Holt, 128 U. S., 521.

A very recent case directly in point is Coca Cola Company *v.* Nashville Syrup Company, 215 Fed. 527, decided by the Circuit Court of Appeals. Plaintiff had been using the name "Coca Cola" as a trade-mark for ten years before the enactment of the Act of Congress of February 20, 1905, and had obtained registration under that Act. The name or mark "Coca Cola" was used in connection with the sale of a beverage manufactured by plaintiff. Defendant manufactured and sold a similar beverage, and advertised it under the name of "Fletcher's Coca Cola." The Court held that the registration of the name by plaintiff was lawful, disposing of certain objections made by defendant in this regard, and having further held that the fact—assuming it to be a fact—that defendant also used coca and cola in compounding his beverage, gave him no right to use plaintiff's name, proceeded to dispose of the contention that the use of the name was unobjectionable because of the fact that defendant used it in connection with the name "Fletcher"—precisely as the defendant herein uses our name "Isabelas" in connection with its own name "Alhambra." On this point the court said:

> Neither is the infringement avoided because defendant marks its bottles "Fletcher's Coca Cola." Not only does this qualification in the name fail effectually to reach the ultimate consumer (Coca Cola Co. *v.* Gay Ola Co., 200 Fed. Reps., 720, and 211 Fed. Reps., 942), but a trade-mark right which could be so avoided would be of little value. Indeed, even under the secondary-name theory and without the aid of the statute such marking would not sufficiently differentiate.

The importance of this case as an authority upon this point is not affected by the subsequent decision of this

Court in the case of U. S. *v.* Coca Cola Company, 241 U. S., 265, involving the construction of the Pure Food and Drug Act, although the findings were different regarding the use of coca and cola in the preparation of the company's beverage.

Upon the same principle it was held in the case of Thaddeus Davids Co. *v.* Davids that as plaintiff had acquired the right under the Act of Congress of February 20, 1905, to the exclusive use of the word "Davids" as a trade-mark for ink, the defendant was guilty of an infringement in using the same word in the same business in competition with plaintiff, although the word "Davids" on the infringing mark was coupled with the use of the initials "C. I."

Davids Co. *v.* Davids, 233 U. S., 461.

The law of trade-marks and trade names and the guaranty of the Treaty of Paris, would be poor, threadbare things indeed, were they to afford no protection in a case of this kind. Surely defendant would not be permitted to wrap a washing soap in a new style of wrapper and call it "Alhambra Sapolio." Neither should it be permitted to wrap cigarettes in a new style of wrapper and put them on the market as "Alhambra Isabelas." In doing so it is guilty of exactly the same piracy of trade as if the general appearance of plaintiff's wares had been imitated. The wrong committed wounds the plaintiff in two directions like a two-edged sword—it induces the ultimate consumer to believe that the wares so wrapped and named are a new brand of the well-known "Isabela" factory, and it induces the public to believe that the defendant, whose name and address in on the package, is the manufacturer of the well-known "Isabela" wares. No consumer of "White Rock" water, however familiar with the commodity, would refuse "White Rock" if offered him in a different-colored bottle, but would conclude that the original

dealers were employing a new form of package. This is particularly true in respect to the commodities manufactured by this plaintiff. It is in evidence (Rec., p. 28) that the plaintiff is making some twenty different styles or brands of cigarettes, each with a different labeling, and *non constat* but what it may manufacture and sell twenty-five such brands tomorrow. There is, therefore, no merit in the contention, made so insistently by defendant and accepted by the court below, that there is no infringement because the general appearance of his packages is distinct from those of plaintiff. It is the use of the name that constitutes the infringement of plaintiff's rights.

POINT SIXTEEN

THE SAME COURSE OF CONDUCT MAY CONSTITUTE AN INFRINGEMENT OF A TECHNICAL TRADE-MARK OR TRADE NAME AND ALSO CONSTITUTE UNFAIR COMPETITION AND THE COURT MAY GRANT SUCH RELIEF IN EITHER EVENT AS THE FACTS MAY WARRANT.

Plaintiff stated its causes of action in two counts (Rec., pp. 1 to 6, inclusive). In one of them the averments were so stated as to show an infringement of a technical registered name, and in the second, by the addition of the averment of a fraudulent intent on the part of defendant, the same facts were stated as constituting unfair competition. The trial judge took the view upon the whole evidence that the facts constituted a violation of trade-mark rights. As to the other point, the trial judge said:

> We doubt that the facts established under the circumstances of the case justify the inference of actual intent on defendant's part to deceive the public and defraud a competitor and can therefore not find the defendant guilty of unfair competition.

The judgment of the trial court was that defendant be enjoined from using the word "Isabelas" or any equivalent thereof as a distinguishing brand for cigarettes, and that it account for the profits of its sales. As this was the very relief prayed for by plaintiff and the only relief to which it could be entitled, plaintiff gladly acquiesced in the judgment just as it would if the court had regarded the case as one of unfair competition rather than infringement of trade-mark. If the judgment is correct, the reasoning upon which it is based, however erroneous it may be, does no harm, and cannot be made the ground of an appeal. Such an error is clearly not prejudicial to the party in whose favor judgment is rendered. In the event

of an appeal by defendant it is always open to appellee to show that the judgment is correct upon any grounds supported by the record.

> No judgment shall be reversed in a court of errors where it is clear the error could not have prejudiced the rights of the party against whom the ruling was made.
>
> Lancaster *v.* Collins, 115 U. S., 222.
>
> If the decree be correct the party in whose favor it is given has no right to complain.
>
> Corning *v.* Troy, etc., Factory, 15 Howard, 451.

Clearly, therefore, had defendant acquiesced in the judgment, an appeal by plaintiff on the ground that the trial judge should have given different *reasons* for his order for judgment would have been dismissed as presenting a purely academic question. Nevertheless, the decision of the lower court denies to plaintiff the right to be heard to say that the judgment can as properly be upheld on the theory of unfair competition as of infringement of trade-mark, *because plaintiff did not appeal from the judgment rendered in its favor!*

The court says:

> Plaintiff did not appeal from that part of the judgment finding the defendant not guilty of unfair competition; while the defendant appealed from the part founded on the violation of a trade-mark and decreeing a perpetual injunction. Therefore, the question involving unfair competition is not really before us, that count of the complaint founded thereon having been, in effect, dismissed by the trial court, and no appeal having been taken from that dismissal * * * We regard the action * * * as one for the violation of a trade name and not one for the violation of a trade-mark or unfair competition.
>
> (Rec., p. 65).

Notwithstanding this statement and the repetition of the same idea in other words, the court proceeds to express an opinion on the question of unfair competition. It states (Rec., p. 66) and correctly, that relief for the infringement of a trade-mark or a trade name is usually granted upon the theory that plaintiff's property rights in the mark or in the name have been violated, whereas relief against unfair competition is granted upon the theory that defendant's deception constitutes a fraud against the public. Upon this statement of the premises the court below bases the following conclusion:

> From these observations it is a necessary deduction that an action for the violation of a trade name cannot be carried on in conjunction with an action of unfair competition based on a similarity to plaintiff's trade name. If an action on a trade name will lie, then an action of unfair competition based on similarity to the trade name is impossible.

We respectfully submit that this statement of the law is utterly and fundamentally erroneous. It assumes that the law of trade-marks and trade names is something not only different to the law of unfair competition, but that they are mutually antagonistic. On the contrary, no two branches of the law could be more closely related.

> The redress which is accorded in trade-mark cases is based upon the parties' right to be protected in the good will of a trade or business * * * the essential element is the same in trade-mark cases as in cases of unfair competition unaccompanied with trade-mark infringement. In fact, the common law of trade-marks is but a part of the broader law of unfair competition.
>
> Hanover Milling Co. *v.* Metcalf, 240 U. S., 413.

It is often extremely difficult for counsel to determine absolutely whether the facts in a given case are to be regarded as constituting an infringement of a technical trade-

mark or trade name or as unfair competition. The line of demarcation between names and symbols which may be exclusively appropriated and those which may not is by no means sharp and distinct and it would be equivalent to a return to the absurd technicalities of the old common law pleading to compel a man to elect at his peril one or the other of these two possible remedies. Under the code system of pleading in vogue in the Philippines, adopted by copying the California statute, a complaint may contain the statement of as many causes of action as plaintiff may have against a defendant. (Code of Civil Procedure, Sec. 90.) On this very statute it has been held in California, the State of its origin, that a complaint which claims protection against the infringement of a trade-mark or a trade name, and also against the unfair competition of the defendant, and contains allegations of fraudulent acts and intent on the part of defendants, will be sustained, regardless of the validity of or the proprietary rights to the trade-mark or name in controversy.

Pierce *v.* Guitard, 68 Calif., 68.

It is the policy of the law to discourage unnecessary multiplicity of suits. If the theory of the Court below were indeed the law, plaintiff might first bring an action for infringement of a technical trade-mark. If that suit were to fail, it would be still open to plaintiff to institute a second action, on the ground of unfair competition, on the same facts, plus a formal allegation of fraud which might be proved by the mere similarity in the appearance of defendants marks to those of plaintiff. What possible benefit would be gained by this duplication of effort?

POINT SEVENTEEN

THE FACTS ESTABLISHED BY THE EVIDENCE CONSTITUTE UNFAIR COMPETITION ON THE PART OF DEFENDANT.

It is respectfully submitted that apart from the infringement of plaintiff's registered trade name, the conduct of the defendant constitutes unfair competition within the meaning of the Philippine statute as construed in earlier cases by the lower court. It is true that under Section 7 of Act 666 of the Philippine Commission it is necessary in cases of unfair competition, that—

> actual intent to deceive the public and defraud a competitor

must be shown, but the statute also provides that this intent—

> may be inferred from similarity in appearance of the goods as packed or offered for sale to those of the complaining party.

In applying this statute in an earlier case (Alhambra *v.* Mojica, 27 Phil. Reps., 268) the Philippine Supreme Court said:

> It is often said that a fraudulent intent on the part of the defendant to pass his goods off as or for those of plaintiff is necessary to constitute unfair competition. We think the better view is, however, that an actual fraudulent intent need not be shown where the necessary and probable tendency of defendant's conduct is to deceive the public, and pass his goods or business off for that of another, especially where only preventive relief is sought or granted. *Even if the resemblance is accidental and not intentional, plaintiff is entitled to protection against its injurious results to his trade.* (Italic ours.)

In its ultimate analysis the purpose of the law of unfair competition, of which the law of infringement of trade-

marks and trade names is but a branch, is but to require compliance with the dictates of common honesty and fair play. The distinction between the protection of plaintiff's strict property rights in trade-mark and trade-name cases and the protection of the public against deception in the unfair-competition cases rests on no substantial foundation. The suit in unfair-competition cases is always brought and must be brought by the dealer injuriously affected—it could not be maintained, we apprehend, by one of the general public. The plaintiff brings the action because he is entitled to prevent the defendant from deceiving the public—which is only another way of saying the plaintiff has a right to prevent defendant from getting the benefit of his good will, however he seeks to accomplish it. The real basis of the right to maintain the action on the part of the particular plaintiff is the injury to his own business. Where it is shown that that injury is real, that defendant is deliberately taking advantage of the misapprehension he has created in the mind of the public, even if the course of conduct leading to that result was, in its inception, unintentional, it is but fair and proper, as held by the Philippine Court in the Mojica case above cited, to restrain and enjoin a continuation of such conduct, particularly when, as in this case, it is shown by the testimony of defendant's own witnesses that his goods are being sold to consumers who desire to buy and think they are buying the goods of plaintiff.

> It is undoubtedly true that where such secondary signification has been acquired, its use in that sense will be protected by restraining the use of the word by others in such a way as to amount to a fraud on the public and on those to whose employment of it the special meaning has become attached. In other words the manufacturer of particular goods is entitled to the reputation they have acquired and the public

> is entitled to the means of distinguishing between those and other goods; and protection is accorded whether there be a technical trade-mark or not.
>
> Elgin Nat. Watch Co. *v.* Illinois Watch Case Co., 179 U. S., 674.

The fact that the word "Isabelas" is not the trade name deliberately adopted by plaintiff, but is an abbreviation of its official trade name forced upon it by the public does not affect plaintiff's right to protection. Unquestionably the plaintiff is entitled to the use of the phrase "La Flor de la Isabela." As was said in the recent case of Dyment *v.* Lewis, 26 L. R. A. (n. s.), 77, decided by the Supreme Court of Iowa, in which the circumstances in this respect were similar:

> It was due to no fault of his that his patrons designated as the name of his business the "Sioux City Robe & Tanning Company." He had omitted the locality; but because it was in that enterprising city, those dealing with him made use of its name in connection with that voluntarily adopted by him, and he acquiesced therein.

The note to this case in Vol. 26, L. R. A. (n. s.), 73, contains an interesting collection of cases in which the secondary meaning of a word of geographical origin has been protected against unfair competition. It is also interesting as showing the gradual approach of the American courts to the theory of the English courts that where the evidence shows that plaintiff has acquired a right to the use of a geographical name in its secondary sense, as indicating the origin of goods of his manufacture, he is entitled to protection, regardless of the existence of any acutally fraudulent intent on the part of defendant. As was said by Lord Halsbury in North Cheshire, etc., Brewery Co. *v.* Manchester Brewery Co. (1899), A. C., 83, in result it is perfectly immaterial for the purpose of the

decision whether the adoption of the geographical name by the defendants was fraudulent or not.

> The question is whether this is an injury to plaintiffs' right. If it is an injury to plaintiffs' right it is perfectly immaterial whether they intended it or not.

This is practically the same as the doctrine established by the Philippine Court in its construction of the Philippine Trade-mark Act in the Mojica case, cited *supra* (*ante*, p. 90). While that statute requires proof of actual intent to defraud a competitor in unfair-competition cases, the existence of that intent may be inferred from the evidence—indeed, it can of necessity be but a matter of inference at best. The existence of that intent may not have been co-incident with the adoption of the mark, name, or symbol complained of. Conceivably the original use by defendant may have been a mere accidental coincidence. But when his attention has been brought to the fact that his continued use of the mark must of necessity result in damage to his competitor and misunderstanding on the part of the public, his persistence in the use of the infringing word or symbol can but be attributed to a willingness on his part to profit by such misapprehension of the part of consumers, and this in itself constitutes such fraudulent intent as is sufficient to justify the Court in granting the protection of the statute. The fact that the statute expressly authorizes the inference to be drawn from "similarity in appearance of the goods as packed or offered for sale" is not to be construed as prohibiting the Court from drawing the same inference from any other evidentiary fact logically sufficient to warrant the deduction of the existence of fraudulent intent.

The court below (Rec., p. 69) says:

> * * * the ownership of a trade name does not necessarily prevent the owner from bringing an

> action of unfair competition founded on the appearance of the goods of the defendant as exposed for sale, which appearance is not based on similarity to the owner's trade name. Such an action would have to be based on the general appearance of the package, its form, color, style, adornment, and matters of that character; and would not lie on appearances arising from the similarity of plaintiff's and defendant's trade names.

Let us test this theory by giving it application to a concrete case. It is in evidence that there is a large cigarette factory in Manila called "Germinal" (Test. of Mr. Olson, Rec., p. 30). This is the trade name used by the company owning the factory to designate its place of business and used on its wares indicates that they are the product of that factory. Let us suppose that tomorrow a competitor commences to market cigarettes under the trade name of "Germinalcillos"—taking the "Germinal" trade name and by adding the diminutive suffix making a colorable new word. In all other particulars the appearance of the competing wares may be entirely dissimilar. Nevertheless, the appeal of the trade name being to the ear rather than to the eye, many consumers might be induced to accept the "Germinalcillos" believing them to be the product of the old and accredited "Germinal" factory. To refuse protection to the "Germinal" company because the imitation constitutes merely unfair competition in the use of a trade name, upon the theory outlined in the cited portion of the decision below, would be not only to open the door to wholesale fraud of this kind, but would amount to an absolute refusal on the part of the courts to give effect to the legislative declaration (Act 666, Sec. 4) that—

> property in trade names shall be as fully protected as property in a trade-mark.

CONCLUSION.

It is therefore respectfully submitted that the judgment of the Supreme Court of the Philippines should be reversed and that the case should be remanded with instructions for the entry of a judgment perpetually prohibiting defendant and its agents or other representatives from employing or making use of the word "Isabelas" or any equivalent thereof, or of any other word or name confusingly similar thereto, as a distinguishing brand or name for cigarettes manufactured by defendant.

F. C. FISHER,
Counsel for Appellant.

WASHINGTON, D. C., *June 14, 1917.*